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31 March 1983

# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2385



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31 March 1983

## EAST EUROPE REPORT

### ECONOMIC AND INDUSTRIAL AFFAIRS

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STATE PLAN CHAIRMAN RECEIVES CUBAN COUNTERPART

AU031300 East Berlin NEUES DEUTSCHLAND in German 2 Mar 83 p 2

[ADN report: "Relations Between GDR and Cuba To Be Further Deepened: Gerhard Schuerer Received Humberto Perez for Talks"]

[Summary] "On Tuesday [1 March] in Berlin Gerhard Schuerer, candidate member of the SED Central Committee Politburo, deputy chairman of the Council of Ministers and chairman of the State Planning Commission, received Humberto Perez, candidate member of the Politburo of the Cuban Communist Party Central Committee, deputy chairman of the Council of Ministers and chairman of the Central Planning Commission of the Republic of Cuba. Central to the friendly talks were problems related to further deepening the economic and scientific technical relations between the two countries." The basis for the further development were the accords signed by Erich Honecker and Fidel Castro in May 1980. "Measures involving cooperation in the production of nickel and the processing of citrus fruit in Cuba on the basis of appropriate agreements of the CEMA countries were particularly discussed.

"Gerhard Schuerer and Humberto Perez also discussed further steps for the forthcoming coordination of the five-year plans for the 1986-90 period. Alfonso Fraga, charge d'affaires of the Republic of Cuba to the GDR, also participated in the talks which took place in a comradely and openminded atmosphere.

"On the same day Humberto Perez also conducted cordial talks with Dr. Gerhard Weiss, deputy chairman of the GDR Council of Ministers.

"Wolfgang Rauchfuss, deputy chairman of the GDR Council of Ministers, and head of the Central Energy Commission, also conducted friendly talks with the Cuban guest. In this context experiences were exchanged concerning the management and planning of the power industry in the two countries."

During his visit to the GDR Humberto Perez saw enterprises and institutions in the Cottbus and Dresden Bezirke and had talks with Werner Walde, candidate member of the SED Central Committee Politburo and first secretary of the SED Cottbus Bezirk Management, and with Hans Modrow, first secretary of the SED Dresden Bezirk Management.

CSO: 2300/164

CZECHOSLOVAKIA

PRICE INCREASES TO 'IMPROVE SERVICES' DISCUSSED

Prague RUDE PRAVO in Czech 27 Jan 83 p 2

[Article by R.P.: "The Development and Increased Quality of Services; A very Important Political and Economic Task"]

[Text] Services play an important role in the life of a mature society. They are among the measures of the achieved standard of living because they are of irreplaceable importance in the satisfaction of the material, cultural and other needs of the population.

Service and work for the population are gradually taking over a greater portion of the activities which previously were routinely performed in every household. They are thereby providing citizens with more time for education, cultural activities, rest and recreation. With the development of household amenities and changes in lifestyles, new types of services continue to crop up, while others experience a substantial expansion.

The dynamic development of services in our country is shown by the fact that while in 1955 their volume amounted to Kcs 2.4 billion, they had reached a volume of Kcs 13 billion by 1980, and had grown by 26 percent in the Sixth 5-Year Plan alone. Their further expansion is planned for the Seventh 5-Year Plan. According to the Main Directions of Economic and Social Development in the CSSR for the 1981-1985 Period, as approved by the 16th CPCZ Congress, this increase is to amount to 13-15 percent. All of this attests to the continuing development of services in this country.

The 16th CPCZ Congress emphasized that an ongoing substantial improvement in services is one of the important objectives especially for national committees and production cooperatives. In this regard, Comrade Gustav Husak stated that "extraordinary attention must be devoted to the development and increased quality of services. Every responsible employee must be aware within his sector that this is not only an economic, but also a highly political issue."

Both party and state organs are devoting ongoing attention to the development of services. They were discussed in great detail at the Sixth Plenum of the CPCZ Central Committee in April 1982, in connection with the setting of

objectives for national committees, which have the primary responsibility for their development, and which administer and manage most of the organizations in the service sector and coordinate the activities of other organizations which deliver services within their territory. The above-mentioned plenum praised the results achieved in the service sector in the years of socialist construction, but also issued a critical statement to the effect that in terms of the growing requirements of our citizens, their current level of development may not be viewed as satisfactory. This is also clear from the numerous comments and justified criticism from workers.

The Sixth Plenum of the CPCZ Central Committee conducted a detailed analysis of the shortcomings and problems of this sector. The analysis showed that the areas subject to the most frequent criticism include the situation in the repair of footwear, underwear, clothing and leather accessories among others, low quality and unreasonable long periods for repairs, and evidence of dishonesty in the performance of work and in invoicing for services rendered. There have also been many complaints concerning the location of individual providers of services and concerning the times during which they are accessible to the public.

This analysis pinpointed one of the main reasons for the lack of satisfaction with the service sector as a low level of managerial competence, a function which is costly, administratively demanding and inflexible. The system of planning, financing and economic incentives does not take sufficient account of the conditions and character of services, and does not direct the attention of service organizations to an adequate degree to the priority satisfaction of the needs of the population. Nor are the technical facilities of service enterprises and organizations always of the necessary sophistication, and the distribution system, especially deliveries of spare parts, tools and equipment is not always satisfactory.

Many local management enterprises and production cooperatives have deviated from their mission, have sought out easier profits through various cooperative production arrangements with centrally managed industry. This has also resulted in the insufficient utilization of various local possibilities for the improved assurance of citizen needs. An unwelcome consequence is that a substantial portion of the population must turn to moonlighting handymen for some repairs.

At the same time, as the Central Committee pointed out, the national economy has sufficient resources to properly satisfy citizen demand for services. The socialist system of services and of local production, consisting of a number of modern enterprises and operations, which was built up in recent years and in which work roughly 700,000 people, possesses the essential preconditions for satisfying this demand. This potential, however, must be more correctly focused and effectively utilized.

The Sixth Plenum of the CPCZ Central Committee outlined specific courses for critical corrections of the existing shortcomings, and objectives for

the further expansion and increased quality of paid work and services for the population. To assure the fulfillment of these tasks, several political, organizational and economic measures are being adopted. Their essence is the simplification of the entire system of management and planning, of financial, credit and taxing mechanisms, the creation of conditions for the more flexible management of services, and the implementation of more effective economic incentives for their expansion.

In many locations, national committees have already taken practical steps to improve services. In a number of districts, towns and villages, new operations have been set up, their hours of operation adjusted so as to better accommodate the needs of the population and new types of services are now being offered. Results so far of this effort to expand services shows that real possibilities exist everywhere to achieve a substantial improvement in this area through the use of existing capacity and local resources, even though it has been necessary on more than one occasion to overcome various difficulties. It is essential, therefore, that party organs and national committees devote ongoing and intensive attention to the aggressive fulfillment of the conclusions of the Sixth Plenum of the CPCZ Central Committee, so as to raise lagging sectors to the level of the leading ones in the area of services.

Among other measures to support the delivery of services to the population, the plan for this year has reduced the volume of deliveries and output of organizations servicing production enterprises by more than Kcs 200 million. The purpose of this step is to increase immediately the percentage of the facilities of local management and production cooperative organizations that may be used to deliver services to the population.

In the interest of supporting services and the development of their material and technical base, a repair and modernization fund has been established for local production and service enterprises, a fund for which Kcs 877 million has been freed up for 1983 on a nationwide basis. Likewise, the state bank is supporting the development of services with advantageous credit and interest rate terms. This preferential treatment represents additional resources in excess of Kcs 300 million.

Despite the fact that under current conditions resources for capital investment are limited, national committees have received permission to implement from the above-mentioned fund--in excess of the capital investment limit--inexpensive construction projects with a rapid payback period up to an amount of Kcs 2 million in budgeted costs. Also, the investment component of Project Z has been oriented to a greater extent to the building and reconstruction of service facilities.

The planning system in the service sector is being simplified. There will soon be only a single binding indicator, namely wages, as a percentage of the volume of reduced value added. The amount of statistics and documentation will be reduced by up to 70 percent, and the system of price formation is being simplified.

A critical role in the improvement and expansion of services has fallen and will continue to fall in the future on socialist enterprises and organizations managed by national committees, as well as on production cooperatives. It is desirable, however, that national committees, wherever it is effective and will help to better apply existing capacities to the improved satisfaction of citizen needs, exploit possibilities for the establishment of small operations for the more flexible provision of various trade and repair activities, and that they introduce various additional supplementary forms of services.

One of the important reasons that services are lagging behind the growing demands of the population is also their low level of profitability. Prices for services have not changed for some years, even though the wages for service employees have continually increased, as have the costs of materials, energy, propellants and the like. The costliness of services has also been influenced negatively by the ineffective growth of administrative work and additional similar factors. This means that the principal way to achieve the requisite profitability level for paid services is to substantially increase the managerial effectiveness of the organizations providing services, reduce their excessive overhead costs, utilize modern technology more intensively, and organize work and management more efficiently. Therefore, the management of these enterprises and operations will be the target of the gradual, but complete introduction of enterprise and internal enterprise khozraschet, and individual and enterprise economic incentives will be more directly tied to work performance, to the accessibility and quality of the services performed. This also requires a critical evaluation of the organizational structures of enterprises and organizations, of their size, ridding them of nonessential intermediaries, and reducing administrative work so that they may function most effectively. The reduction of costs in the service is not a one-time, but an ongoing task.

Even given the utilization of all these possibilities, it is still necessary, in those service sectors where current prices do not cover necessary costs, to move ahead with price modifications. The retention of current prices, which force operation at a loss, is not justified either economically or socially and represents an obstacle to their development and to an increase in their quality. Shortcomings in the satisfaction of the needs of the population is also a reflection of this low price level. It is a matter of making prices serve as an active economic mechanism for the development of services, to eliminate operational losses and thereby the necessity of subsidizing them through the state budget.

In the area of services paid for by the population, a system will be implemented that is known as the highest permissible price system. In practice this means that central organs will set for each sector the highest prices that a service organization will be able to charge for specific tasks. In instances where this permits a certain level of profitability for the pertinent organizations, kraj national committees may approve the offering of specific services performed under specified conditions at a lower price than the highest permissible, as well as the offering of seasonal sales and the like.



For approximately one-fourth of all services (for instance, the repair of clothing, underwear, footwear, leather products, watches and clocks, custom tailoring of clothing), the highest permissible prices will increase as of 1 February to a level which will guarantee the essential economic conditions for the development of services. Specific prices will be set by kraj national committees based on the consumption of materials and labor, as well as a verification of the necessary costs of repairs and services. At the same time, lower prices will be set for the repair of color televisions. Current findings indicate that national committees in many instances do not take advantage of the highest permissible price level, and set specific prices at lower levels because they are seeking to eliminate operational losses and achieve the necessary profitability primarily through rationalization and management reforms in specific service sectors.

The implementation of the highest permissible price system provides the national committees with significant political and economic authority and responsibility in the area of service prices so that they may assure the necessary economic conditions for the development of services through price formation based on their knowledge of conditions in specific locations. At the same time, the requirement of assuring the unified centralized administration of price policy remains fully valid in the area of services as well.

The price modifications which are to take affect on 1 February relate in part to the area of nonessential services (such as the repair of firearms and antiques...), and in part to tasks performed only from time to time.

For instance, under the current price schedule the making of new cuffs for a man's shirt cost Kcs 8, while under the new, highest permissible prices it may cost as much as Kcs 13. The making of a new collar for a shirt, including an adhesive liner, cost Kcs 19, and will now cost as much as Kcs 31. For the taking in of a sport coat or jacket the customer paid Kcs 33, and now will pay up to Kcs 45. For the letting out or taking in of women's dresses, including the hem, the cost will be up to Kcs 60 instead of the former Kcs 35.

The cost of women's heels up to 3 centimeters in height will increase from the current Kcs 14 to a maximum of Kcs 20, and above 3 centimeters from Kcs 17 to 24. For men's leather soles the maximum price will increase from Kcs 21 to 33.

The price of a complete overhaul of an alarm clock will increase from Kcs 35 to 40 and the price of repair of women's wrist watches will increase from Kcs 42 to 62.

The fact that the new price for the sewing of a man's shirt with long sleeves may be as high as Kcs 77, that of a first-quality woman's raincoat Kcs 620 and that of a pair of first-quality men's pants Kcs 210 attests to the retention of the accessibility of services even after the performance of repairs.

New prices are also being set for the transportation charges for repairmen performing repairs in the apartments of customers.

The focus of efforts in the creation of optimal conditions within organizations providing services to the population should not be viewed as being solely in the area of prices. The further necessary development of services may be assured only through a comprehensive approach to the resolution of all problems, as was stated as well in the conclusions of the Sixth Plenum. The production sectors must also pay attention to the quality of their products, and increase their useful life and reliability, thereby reducing the often excessive requests for repairs under warranty and for maintenance.

Attention to providing services for the population is a significant part of the development of a socialist society. This important political and economic task must continually be a focus of the attention of party organs. And the measures which have been adopted must also be understood in this regard.

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CSC: 2400/147

PRIVATE PROFITS STILL A CRIME REMINDS CSR PROSECUTOR

Prague TVORBA in Czech No 5, 2 Feb 83 pp 4-5

[Interview with Doctor of Law Ludmila Bernaskova, prosecutor in the office of the CSR General Prosecutor, conducted by Jaroslav Hejkal: "We Are Hemorrhaging"; date not given]

[Text] Economic criminality. Criminal acts which each year cause hundreds of millions in damages to our national economy and impoverishes all of us. What does this name conceal? With the intention of dealing a little deeper into this serious problem area, we knocked on the door of the office of Doctor of Law Ludmila Bernaskova, prosecutor in the surveillance division of the preparatory criminal administration of the Prosecutor General of the CSR.

[Question] When the word crime is uttered, people immediately imagine all kinds of thieves, pickpockets, rapists and marriage swindlers so well known from the period of Police Councillor Vacatek. Very few also think in this regard of people who are engaged in crimes against our economy. What is your opinion of this?

[Answer] Many of our fellow citizens really do consider only common criminality as crimes. This fact of the consciousness of citizens is a result of their deeply rooted views from earlier years. Economic criminality must be understood as a specific form of crime having its origin in the socialization of the means of production. This means that certain types of this kind of crime occur only under socialism. At the same time many of the perpetrators appear on the surface to be "upright" people who usually have not been punished before and who are otherwise solid and respected citizens.

[Question] Exactly what kinds of crimes belong under this rubric?

[Answer] Economic crimes are contained under Heading II of a special section of the Criminal Code. This grouping also includes crimes against the economic system and against economic discipline. Crimes against the economic system consist mainly of speculation, unapproved entrepreneurship, the misuse of socialist entrepreneurship, the harming of consumers and



violation of regulations concerning the circulation of goods in contact with foreign countries. Crimes against economic discipline, on the other hand, consist mainly of the disruption of the management, planning and control of the national economy, violation of responsibilities in the allocation of financial and material resources, the delivery of products and labor of particularly poor quality, and violation of responsibilities in the operation of a socialist organization.

[Question] Are there a lot of such crimes in our country or only a modest amount?

[Answer] If you are referring to the number of legally sentenced perpetrators of this type of crime, then there is a modest amount in comparison with the actual number of criminals. There is a large amount of latency for this type of crime; in other words, much criminal activity of this type does not become evident. At the same time, more than enough perpetrators are apprehended each year. For instance, in 1981 in the CSR 765 people were arrested for crimes and related misdemeanors against the economic system, and 9,743 people were arrested for crimes and related misdemeanors against economic discipline.

[Question] Why do you think there is a high degree of latency here?

[Answer] This question may be answered with a proverb, "Where there is no plaintiff, there is no judge." Also, the principle frequently persists that no blood flows from a stranger, even though we are in no way dealing with a stranger here, but with our common values.

[Question] What are we to understand by this?

[Answer] The fundamental cause lies in the attitudes of citizens to this crime. In an attack on private property, the injured party does all in his power to see that the perpetrator is found and punished, and that he is compensated for the damages. Given a similar attack on socialist property, most citizens are not even aware of the severity of the crime and remain apathetic and indifferent, because the consequences do not have such a direct affect on the individual. Nor are instances when citizens approve of this type of behavior exceptional, because they bring them gain. And if these sorts of criminal dealings are engaged in by senior employees of an organization who are, above all, to protect the common property, then it may not be assumed that they will blow the whistle on themselves.

[Question] However, they themselves are not always the only guilty party, often they are joined by their subordinates...

[Answer] Clearly, but on many occasions this does not change anything. Do not forget that it does not improve their popularity to file a complaint or to request the recovery of damages from their subordinates when on not a few occasions they themselves have benefited from their illegal dealings. It may also be a question of their friends. For this reason, agreement is often reached to write off the damages, especially when the manager knows that it

will not come out of his pocket. We also know of cases, however, when managerial employees are diligent in seeing that subordinates who engage in criminal activities are both punished and held responsible for damages.

[Question] But we have internal enterprise control units everywhere, and they should not keep silent in such instances.

[Answer] You are right, but the reality is otherwise, I am afraid. The records of the criminal administration indicate that the initiative of the control organs is not of the requisite sophistication. In 1981, the control organs is not of the requisite sophistication. In 1981, the control system participated in the uncovering of crimes against the economic system in 9 percent of the total number of these crimes, and in the uncovering of crimes against economic discipline in only 3 percent of the total number of these crimes. At the same time, the initiative of control organs should be primary in uncovering crimes against economic discipline in particular. It is clear from this that the control organs are not fulfilling properly the responsibility of calling attention to crimes, a task with which they are charged by Decree No 75/1959 of the Official Gazette of the CSR. There are, understandably, a number of reasons for this. Nor are those cases exceptional in which organizational managers have forbidden the control organ from filing a report or ordered them to rework the inspection report, excluding from it the shortcomings that were discovered. In these instances, it is the rare controller who has enough personal courage to file the report nevertheless.

[Question] This is, to say the least, a serious problem which should be resolved.

[Answer] Some improvement should be provided by the newly published Control Principles in the National Economy and State Administration No 66/1982, Laws of the CSSR, which establishes the function of chief controller. Because the chief controller will be appointed to his position and discharged by the manager of the supervisory organ, problems should not arise stemming from dependence of the control employee on the manager of the organization where he works.

[Question] Let us hope that this change really improves matters. And now, if we might, Comrade Prosecutor, I would like to take a detailed look at certain economic crimes. Can you perhaps remember a case related, let us say, to the management of the financial resources of an organization.

[Answer] Employees of the Metallurgical Assembly Enterprise in Ostrava were apprehended for the improper management of financial resources. The head inventory manager, M. Tomasek, arranged for purchases of alcohol, food and other consumer goods and, with the agreement of the managers of the sales outlets where these purchases occurred, entered them on packing lists as "gift packets" designated for propaganda activities or as "cleaning materials." This was done so that these purchases could be covered from the propaganda fund or other funds. The value of the goods purchased in this way was KCS 212,864. The perpetrator was sentenced under Section 127/1, 3 of the Criminal

Code, because the purchased goods were used during discussions with trade partners to gain advantages for the organization. Sales outlet managers G. Viliasek and B. Bialkova were sentenced as accessories to this crime.

[Question] And what example could you cite for the crime of speculation?

[Answer] Recently the speculative sale of goods has expanded in the microelectronics sector. For instance, in the district of the capital city of Prague perpetrators were apprehended who had exchanged illegally in the CSSR the sum of Kcs 70,000 for West German marks, which they then smuggled into the FRG. There they purchased five electronic computers which they sold, with Klenota sales outlets as the middlemen, to socialist organizations for a substantial profit. This is not an isolated instance, because speculative sales occur even in instances when the perpetrators have legally declared these goods to the customs administration and paid duty, which can clearly be substantially lower than the profit to be realized from a sale.

[Question] Excuse me, but at this point someone could object that these people have not done anything socially harmful, but on the contrary that they have helped these organizations, which did not have foreign currency resources, to obtain necessary, but scarce, technology...

[Answer] This is what perpetrators most often claim once they have been caught. Nevertheless, they cannot thereby deny their profit-seeking motive, because they sold these goods not because an organization needed them, but because they could make some money on the deal.

[Question] In passing, you have already mentioned the crime of unauthorized entrepreneurship. To whom does this apply?

[Answer] The crime of unauthorized entrepreneurship may be committed by a citizen who performs without permission a given activity requiring the permission of a given organ. However, for this to be a crime it is necessary that it be an activity carried out on a larger scale, that it be run as a going concern, and that it have the character of private enterprise.

[Question] So when, for instance, a mason in a village helps his neighbor to build a house for pay and does not have permission to do this from the national committee, has he committed a crime?

[Answer] That depends on the circumstances. One-time or occasional assistance on a small scale, even if it is paid work, has the precedent of being judged as citizen assistance under the civil code. If, however, the mason does odd jobs on a daily basis and allows himself to be paid excessive wages, then his behavior could be judged as the crime of unauthorized entrepreneurship. But a citizen who has the requisite permit can also be apprehended for this crime. This may occur in instances where the activity engaged in exceeds the scope of the permit. For instance, a sheet metalsmith was apprehended who, to be sure, had a permit to undertake metalworking jobs, but had been doing so on a large scale and out of the

jurisdiction of the village. Details concerning the issuance of permits for the performance of services for citizens have been updated by CSR Government Ordinance No 154/82, Laws of the CSSR, which took effect on 1 January 1983. I would like to emphasize that the payment of taxes on the income of a citizen who is performing such activities without permission does not imply the noncriminality of the activity, because this does not take the place of permission from the appropriate organ.

[Question] The crime of disrupting the management, planning and control of the national economy is also worth mentioning...

[Answer] The purpose of this regulation is to protect society from inaccurate data in the area of management, planning and control of the national economy, or in the establishment of prices. It must be a question of the reporting of inaccurate or grossly distorted versions of important facts with the intent of gaining unjustified advantages for an organization or one of its subdivisions.

[Question] Can you also provide a concrete example of this for illustrative purposes?

[Answer] In the North Moravian kraj, the director of a brick works was apprehended because in plan fulfillment reports he had included incorrect data concerning brick production so that premiums could be paid to the workers. This crime occurs often in organizations in connection with inventories. The end of the year approaches and an organization will find that it is exceeding the permitted ceiling on inventories. It therefore strikes an agreement with another organization to "sell off" a fictitious fraction of these inventories, which the other organization then sells back after the first of the year. This allows the organization to fulfill the plan, the employees receive their premiums, and there is no need to invoke the penalty of limiting allocations to funds, and the like. It may appear that there is nothing socially harmful in this. However, when an organization reports fewer inventories than it actually has, the result is that society will plan for the production or purchase of additional inventory, even though this may not actually be necessary. The reason that these activities are punished is to prevent the distortion of data important for the planning and management of the entire national economy and to prevent the assertion of individual interests at the expense of those of the public.

[Question] I have heard that the disruption of technology is also considered a crime?

[Answer] Such cases are addressed by Section 129 and Section 130 of the criminal code. For instance, a certain factory for the production of railroad ties did not receive raw materials compatible with their production equipment in time. The responsible manager, in order to fulfill the plan, ordered the use of other, lower quality materials, with the result that there was a large amount of rejected products. The persons responsible were sentenced for the premeditated crime of violating their responsibilities



in the operation of a socialist organization, under Section 129 of the Criminal Code.

[Question] And what is the situation with crimes of neglect?

[Answer] We most often become aware of the failure to maintain important work responsibilities due to neglect by store employees. Discrepancies in stores, when we exclude outright theft, arise primarily because the responsible employees do not receive goods properly from suppliers, do not draw up damage procedures, allow sales on credit, etc. It is not only store employees, however, who engage in this sort of behavior. For instance, an organizational employee was arrested for a crime under Section 130 of the Criminal Code because he did not carry out properly the inventorying of a record of consumer debt, causing thereby the loss of debts in the amount of Kcs 1 million.

[Question] You said that it is also a crime to deliver products of work that is of especially poor quality. How frequent is this?

[Answer] Not a single perpetrator has been sentenced in the past 5 years in the CSR.

[Question] Nevertheless, buyer and consumer complaints about the poor quality of certain products occur quite frequently...

[Answer] I agree with you. However, I can only state that there have been no concrete instances of penalties for this crime. As a rule, matters in this area are judged to be breaches of responsibility in the operation of a socialist organization, under Section 129 or 130 of the Criminal Code.

[Question] What, in your opinion, Comrade Prosecutor, would make it possible to prevent effectively economic crime?

[Answer] Until such time as a strong sense of personal discipline and responsibility is cultivated within people for national property, the only answer is proper, consistent and ongoing control. I do not have in mind here merely the quality work of the inspection organs, but also the managerial employees, who should conduct themselves according to the principle of "he who manages, controls." The personal example of the manager also plays a significant role in crime prevention. By way of illustration, I would cite one example. The director of an organization directed the legal department to press charges against a subordinate employee for damages which he caused by violating his work responsibilities. The employee informed the director, however, that he would pay for the damages, but only after the director himself paid for the material that he took for his own use from the warehouse. The outcome was that the director gave the order to write off the damages. I think that this is a more eloquent example than most. Responsible employees, functionaries and managers, of collectives should have it constantly in mind that they are also responsible for the cultivation in people of a socialist attitude to work, and that at times it takes only a very small incident for them to lose all their authority with, and trust from, their employees.

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CSO: 2400/152

## AGRICULTURAL MACHINERY PROBLEMS VIEWED

Prague HOSPODARSKE NOVINY in Czech and Slovak 4 Feb 83 p 4

[Article: "Focus on Farm Machinery"]

[Text] To say that in the proceedings of the representative organs one can hear many stimulating reports and speeches by deputies would be about the same as hauling coal to Newcastle. It is common knowledge that matters here are not discussed superficially, but are analyzed critically, including also the individual problems of the Czechoslovak economy. In an effort to bring closer also the approaches of the responsible agencies and to demonstrate how they react to comments made by the deputies, how these comments are handled and resolved, we have decided to use the following format: we are publishing the speech that Deputy Jozef Mindas made at the second separate session of the Federal Assembly's Chamber of People on 20 October 1982, in which he criticizes, after a thorough survey of other deputies, the deliveries of farm machinery. The choice has not been a random one; the topic is important, especially if we consider what great tasks await Czechoslovak agriculture. We have requested representatives of the responsible agencies to reply. Even though their standpoints do not answer fully the deputies' comments, but reveal new interrelations and raise further questions, and although what they say is open to debate, they nevertheless give us a certain picture of the causes of the present situation, and especially of the possibilities of solving it.

#### Deliveries Not in Accord With Needs

Jozef Mindas, deputy to the Federal Assembly's Chamber of People, had this to say in his speech:

To the knowledge of the Federal Assembly's deputies, the agricultural enterprises and even the okres agricultural administrations are reporting that deliveries of farm machinery are showing a long-term declining trend. This trend intensified under the 6th Five-Year Plan, especially in the case of tractors. Nor has the supply of spare parts improved significantly.

The resolution of the 15th CPCZ Congress to supply 49,000 tractors for agriculture in 1976-1980 was not fulfilled. Only 39,663 tractors were delivered, which

is nearly one-fifth less. And deliveries are continuing to decline. Only 6044 were delivered in 1981, nearly one-fourth less than the average for the preceding five-year plan.

The allotted assortment is likewise not negligible. Front-wheel drive of the Z 80 and Z 120 tractors demonstrably reduces fuel consumption by 6 to 8 percent, and by as much as 10 percent in plowing. (Conservation of diesel fuel is especially important at the present time. Agriculture's share of the total consumption of fuel and power is 5.5 percent; that of the food industry, 5.2 percent. But in 1980, for example, Czechoslovak agriculture and the food industry jointly accounted for 27 percent of the total consumption of diesel fuel.) From the total number of tractors produced with front-wheel drive, Czechoslovak agriculture was allotted only a small number.

The low allocations of tractors are evident on a few examples from the okreses. In Teske Budejovice Okres, the number of new tractors received is 4 percent of the tractor stock. Which means that simple replacement of this stock would take 25 years. In my constituency, Spisska Nova Ves Okres, 28 years. In the enterprise where I am employed, the Spisska Nova Ves State Farm, replacement would take 29 years.

Under these conditions, the agriculture enterprises are striving to keep their tractors operational as long as possible. In Kladno Okres, for example, 54 percent of the tractors have zero book value. The worn-out tractor stock is less reliable, has a relatively higher fuel consumption, requires an excessive amount of maintenance, and the costs of repairs and spare parts are rising. The total costs of repairs and spare parts in a significant proportion of the agricultural cooperatives are higher than the investment costs of new tractors.

The shortage of tractors and machinery delays work in the fields, causing qualitative and quantitative losses. In the case of winter wheat, for example, a delay of 10 days in its seeding will reduce the yield by 0.5 to 1.1 tons per hectare, depending on the variety and the further course of the growing season in autumn. Because of delays in completing the decisive operations, 20 to 30 percent of the winter wheat acreage has been emerging late in recent years, perhaps only during the winter months. Such stands often do not winter over and have to be replanted in spring. The situation is similar in spring when work in the fields often is interrupted for two or three weeks, by heavy rains. Who has a shortage of machinery to seed in time will understandably have lower yields. I myself have seen the grain yield drop by as much as 2.8 tons per hectare on acreage that was seeded late.

Deliveries of tractors alone are not enough. It is necessary to ensure also an adequate assortment of the farm machinery and implements produced for the supplied tractors. The production of plows and other machinery for soil preparation must be coordinated with the deliveries of the powerful wheel-type tractors.

In other machinery supplied with Zetor tractors of the unified No I series, there are disproportions between the supply and demand for forage harvesters, windrowers, etc. Other shortages arise in farming practice from the fact that often the allocations are not enough to buy the entire set of attachments and tools.

According to estimates of the Research Institute of Farm Machinery, agriculture hauls about 410 million tons of various materials a year. Haulage accounts for

35 to 40 percent of the total consumption of diesel fuel in agriculture. The optimal solution in haulage would be to change over from tractors to suitable trucks. I am using the term "suitable" intentionally, because just any truck will not do for the specific conditions in agriculture. In 1971-1975, a farm truck was being developed with a convertible body, based on the Tatra 815 Agro truck. Several prototypes were built and are operating in agriculture. There has been a lengthy debate on series production, and constantly new target dates are being set. The latest one is 1984.

Prices are another problem. Each new generation of farm machinery, including trucks, is technically more advanced, but the rise in prices is incommensurately high. In 1975, the proposed price of the truck with dumping mechanism was 220,000 korunas. Now they are talking of a sum between 450,000 and 500,000 korunas. The question arises as to whether the utility value of this product is in accord with its price, and whether its sales will be ensured in view of the investment limits that are being set for the farms.

Tractor haulage is the dominant at present and will remain so also in the future. Here again there is an opportunity for rationalization, attaching two trailers to a tractor, as this is being done in neighboring countries. In our country, unfortunately, this is not possible for administrative reasons, and also for technical ones. And thus if we want to move empty trailers to the fields, or to haul light loads such as straw, we must assign a separate tractor to each trailer. The Traffic Administration of the Ministry of the Interior should rectify this situation.

No Price for the Time Being

Engineer Ludvik Dibelka of the Federal Price Office replies:

Deputy Jozef Mindas of the Chamber of People has called attention to the price of the Tatra 815 Agro truck's chassis with dumping mechanism, in conjunction with the planned introduction of its series production. He mentions that in 1975 the proposed price of this farm truck was 220,000, whereas now a price of 450,000 to 500,000 korunas is being considered. This information, however, is not official. No proposal has been submitted as yet for setting the wholesale price. When the Federal Price Office receives a proposal, it will thoroughly evaluate the price in the light of the truck's utility value. It will not approve in any case a price that is not in accord with the present conditions.

As additional information, I wish to note that since 1978 the Agro truck is being supplied with a Liaz chassis, for 258,000 korunas; approximately 800 trucks were supplied last year.

Future Prospects

Dr Bohumir Safrata, commercial director of the Agrozet General Directorate in Brno, replies:

Because the list of shortcomings in the speech by Deputy J. Mindas unquestionably leads to somewhat one-sided conclusions, I feel obliged first of all to note that agriculture's capital assets base has been strengthened considerably during the past 10 years. The volume of investment during this period exceeded 134 billion korunas, and the fixed assets per worker more than doubled. No other branch of our economy can boast of such a rapid development.



The needs of agricultural mechanization are being ensured preferentially also under the 7th Five-Year Plan. The established assortment of the deliveries of the most important means of mechanization is solving the present bottlenecks of agricultural mechanization, to which J. Mindas called attention in his speech.

The causes of the bottlenecks are usually fluctuations and changes in the demand for farm machinery in certain branches of farming, and this demand cannot be supplied within the time limits required by agricultural practice. In view of the changes in agricultural technologies, even the recently approved system of farm machinery for the the 7th Five-Year Plan, on which our plan for the development and production of farm machinery was based, has partially lost its validity.

After a period of little demand for, and low sales of, plows and seed drills, for example, the demand for such equipment rose sharply toward the end of the preceding five-year plan. Within the framework of the conceptual solution to the shortage of farm machinery, in early 1982 the ROSS [Roudnice Engineering Works and Foundries] production enterprise in Roudnice nad Labem was transferred from the Czechoslovak Automobile Works VHM [economic production unit] in Prague to the Agrozet VHM in Brno. It is of course necessary to separate other production programs from ROSS in Roudnice, to reconstruct its production capacity, to install new technological equipment, etc. All this is now being solved rapidly, so that already in 1983 deliveries of plows will increase to 2730, from 1482 in 1982; and deliveries of seed drills will increase to 1200, from 930. There will be a considerable increase also in deliveries of other farm machinery, and of precision seed drills from import.

In the same way we are solving at an accelerated rate the shortage of windrowers and side-discharge rakes. The cause of this shortage has been the departure year by year from the dominant technology of curing hay with hot air, to the traditional and energy-efficient method of curing hay in the field by solar energy. The present increase in the output of such machines at the Agro plant in Rozmital, which likewise has been transferred to the Agro VHM, is not enough to supply the entire demand. Besides separating another production from this new plant of Agrostroj Pelhrimov, a solution has been found partially in cooperating with the enterprises of the STS [State Tractor Stations] and OZS [Agricultural Machinery Repair Shops] VHJs, and partially in importation. Thus already in 1982 deliveries of windrowers and side-discharge rakes trebled over 1981. This sharp rise will continue also this year, and by the end of this year our agriculture will have about 20,000 windrowers and side-discharge rakes. Thus the present urgent demand for them will be satisfied, and in the future the demand will be limited only to renewal of the existing stock. In the same manner we are increasing the output and deliveries of low-power multipurpose machines for the intensification of agriculture on small plots, of machinery to mechanize the harvesting of forage crops on slopes, and of other machinery that is in demand.

Agriculture has priority over the other branches also in the allocation of tractors. But this priority, especially at present, must be reconciled each year with another urgent economic priority: restoration of our country's external economic equilibrium. In particular, agriculture's demand for tractors is concentrated primarily on deliveries of Czechoslovak-made Zetor tractors, but simultaneously these are an important, traditional and irreplaceable item of our export, particularly to nonsocialist countries. The following statistic will suffice for illustration: of the 500,000 Zetor tractors exported so far, 400,000

were shipped to these countries. Under the 7th Five-Year Plan, the priority of exporting Zetor tractors has risen, as evident from our export tasks.

In the allocation of tractors for agriculture, therefore, the Zetor tractors are supplemented by domestic and foreign tractors of other makes, but also with different power ratings. Our agricultural enterprises, however, appear to be less interested in these other tractors, which significantly reduces the number of allocated tractors actually delivered. Because of the agricultural enterprises' low demand, for example, the importation of certain wheel-type tractors was halted under the 6th Five-Year Plan. The agricultural enterprises bought also fewer caterpillar tractors, which likewise are under allocation. Thus from last year we still have in stock particularly Skoda T 180 towing tractors and caterpillar tractors.

We are now trying to meet the urgent needs of agriculture by increasing the deliveries of lighter Zetor tractors, which earlier were not wanted but have a lower fuel consumption. This of course had not been anticipated in the system of machinery for the current five-year plan. Thanks to exceptional measures, deliveries of such tractors will increase from 260 last year, to between 1000 and 1200 in 1983. We are preparing also a modified version of the Zetor 7045 Horal tractor, for the mechanization of fodder crops on slopes.

The criticized shortage of tractors with front-wheel drive is caused by the import volume of front-axle subassemblies, to which the State Planning Commission had agreed in the long-term agreements concluded with CEMA countries. This volume is far from adequate to supply the demand under the 7th Five-Year Plan, as determined by market research. The Federal Ministry of General Engineering and the Ministry of Foreign Trade are seeking ways at present to increase the import volume, in exchange for deliveries of production equipment to the manufacturer of the front axles.

Simultaneously our Agrozet VHI has submitted to the Ministry of General Engineering a proposal to equip with front-wheel drives, through production cooperation, also the light three-cylinder Zetor tractors that are in demand. If this proposal is approved promptly, we would be able to supply domestic and foreign customers with such tractors already in 1984, from series production at the Zetor Enterprise in Brno.

The subject of spare parts for farm machinery has been discussed in my extensive article that appeared in 1982 in the No 38 issue of HOSPODARSKE NOVINY. Therefore I am able to limit myself to the following basic data: The availability of spare parts from other domestic producers is improving. The difficulties in the supply of imported spare parts are being and will be solved through substitute domestic production.

#### Changes Have Their Limits

Engineer Bedrich Vychodil, Federal Ministry of General Engineering, replies:

The priority of Czechoslovak agriculture's needs, unlike the needs of the other branches, is honored by the fact that the total volume of machinery to be supplied during a five-year period, in a breakdown by years and including also the assortment of the most important types of machinery, is determined in the pertinent resolution of the Federal Government's Presidium on supplying materials

and equipment for agriculture. Specifically under the 6th Five-Year Plan, the Ministry of General Engineering was to have supplied 18.4 billion korunas' worth of machinery and equipment for agriculture. Actual deliveries totaled 20.3 billion korunas, whereby the plan was exceeded by 10.3 percent.

Under the 7th Five-Year Plan, deliveries of machinery and equipment for investment to all branches of the economy, with the exception of the fuel and power branch, show a declining trend or are stagnating. However, agriculture's investment limit for deliveries from our ministry is 22.01 billion korunas (21.3 billion at comparable prices), which is an increase of 4.9 percent over the actual deliveries under the 6th Five-Year Plan. Moreover, in the annual plans our ministry will be seeking ways to supply 2.1 billion korunas' worth of machinery and equipment over and above the investment limit for the 7th Five-Year Plan. However, the ensuring of this additional task depends not only on our ministry, but primarily on what limits the planning organs set for agriculture, furthermore on the import limits and on the possibilities of foreign suppliers.

Tractors belong among the mandatory items of the state plan, and their allocation into categories of application (domestic, export) lies within the competence of the planning organs. In view of the fact that tractors belong among traditional and important items of our export assortment primarily to nonsocialist countries, such export serves to solve an urgent economic priority: equilibrium of our external economic relations.

The breakdown of the allocations for the 6th Five-Year Plan earmarked 43,534 tractors for agriculture, including 32,808 Czechoslovak and 10,726 imported tractors. Actual deliveries of domestic tractors--i.e., of Zetors--totaled 44,473, which was 575 tractors more than what the plan called for. The shortfall in deliveries resulted from the fact that evidently the agricultural enterprises were less interested in certain types of imported tractors. For this reason the importation of certain wheel-type tractors was halted. The agricultural enterprises purchased also fewer of the allocated caterpillar tractors.

Under the 7th Five-Year Plan, deliveries of tractors will decline in comparison with the preceding five-year period. The main reason is the changeover to the use of self-propelled machines such as, for example, harvesting mowers and reapers, sugar-beet harvesters, etc. In view of the change in the technology of certain farm chores, we have been instructed to significantly increase the deliveries of modified special-purpose farm trucks. Under the 7th Five-Year Plan, agriculture will get 10,000 such trucks, of which our ministry will be supplying 9,200. In comparison with the actual deliveries under the 6th Five-Year Plan, these deliveries of farm trucks will mean an increase of 318.6 percent. From our ministry this will include 4,050 modified Skoda farm trucks, and 1,950 modified Skoda trucks. In addition, there will be 3,000 agricultural versions of the IFA truck from the German Democratic Republic.

The fact remains that Czechoslovak agriculture has a shortage of tractors with front-wheel drive. However, deliveries of front axles are limited by our co-operation agreement with Romania.

Our ministry is devoting maximum effort to the reduction of energy intensity. The Z-UR I-V tractor will be assigned to production in 1984. It will be a modernized version that will weigh less and will also have a lower fuel consumption. Modernization of the Z-UR II tractor will be solved in the same manner.

at ZTS [Heavy Engineering Works] in Martin. A new, third, generation of tractors should be introduced in production by the start of the 8th Five-Year Plan.

It should be borne in mind, however, that no tractors in the lighter grades had been requested for the 7th Five-Year Plan, and therefore no deliveries of such tractors to Czechoslovak agriculture were expected. Through special measures, the Zetor Enterprise of Brno will be supplying about 1000 light Z-5011 tractors a year. Simultaneously, the production is being prepared of a modified version of the Z-7045 tractor for hilly terrain, together with the appropriate tools and implements. This should solve the problems of harvesting forage in the mountainous and piedmont regions.

Two or three years ago, there were requests for heavy tractors, gang plows, and various self-propelled machines. Now that great emphasis is being placed on conserving fuel, electric power and materials, a proportion of the recently approved system of farm machinery for the 7th Five-Year Plan is being changed, and our plans for the development and production of farm machinery had been based on this system. Such profound changes in concept cannot be realized in production overnight.

Deliveries of machinery for investment in the individual branches of the economy, including agriculture, are managed in a plan-conforming manner. The volume and structure of such deliveries must be in accord with the realistic possibilities of our economy.

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GERMAN DEMOCRATIC REPUBLIC

HONECKER TALKS TO EXHIBITORS, OFFICIALS AT LEIPZIG FAIR

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[Excerpts] Leipzig, 13 Mar (ADN)--At the start of the 1983 Leipzig Spring Fair Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, together with other members of the party and state leadership, undertook the traditional walkabout pm Sunday [13 March]. GDR and foreign exhibitors were visited by Erich Honecker and members and candidate members of the SED Central Committee Politburo Willi Stoph, chairman of the Council of Ministers; Horst Sindermann, president of the People's Chamber; Werner Krolikowski, Guenter Mittag and Harry Tisch, Werner Jarowinsky, Guenther Kleiber, Guenter Schabowski and Gerhard Schuerer, deputy chairmen of the Council of Ministers Gerhard Weiss and Herbert Weiz, as well as other members of the Council of Ministers.

Outside Hall No 7 GDR Foreign Trade Minister Horst Soelle welcomed the members of the party and state leadership to this year's fair. This fair, he said shows once again that the GDR is among those states interested in peaceful, equal international trade relations for mutual benefit. Minister Soelle talked about further strengthening the economic potential of the GDR whose national economy is proving itself to be flexible and dynamic.

Bound up most closely with the Soviet Union and in fruitful collaboration with the other countries of CEMA, he said, the GDR is open to everything which serves the thriving coexistence of the states and peoples in the interest of open trade for the benefit of all and the preservation of peace.

First stop of the walkabout were exhibits by the GDR's heavy engineering and plant construction sectors. Minister Rolf Kersten said that the 320,000 workers of the 13 combines of this branch intend to raise their 1983 labor productivity by an additional 1 percent commensurate with the commitment entered into at the seminar of the SED Central Committee with the director-generals and party organizers of the combines.

Over 40 percent of the goods produced by this branch of industry are being exported and 5,000 experts work as fitters or construction workers at over 100 construction sites abroad.



At the electrical engineering and electronics exhibition Erich Honecker and the other members of the party and state leadership were cordially welcomed by GDR combine exhibitions, including workers from the state enterprise Smerik Karl Marx from Karl-Marx-Stadt and the combines Automatisierungsanlagenbau from Berlin and Lokomotivbau Electronics Works Hans Beimler from Hennigsdorf.

Next Erich Honecker was welcomed by representatives of the Swiss concern Brown, Boveri and Cie. This enterprise maintains factories, technical offices and representations with 100,000 workers in 140 countries. Director Ludwig Cordes and Vice Director Erich Schickel expressed their satisfaction with their presence in Leipzig and with the cooperation with the GDR. Erich Honecker wished them further good results for mutual benefit.

After this Erich Honecker and the other members of the party and state leadership visited exhibits from Poland, which is represented by 46 foreign trade enterprises. At the Elektrim stand, which is exhibiting plant energy and electrical engineering equipment, Erich Honecker and the other figures were welcomed by ambassador Maciej Wirowski and Dr Tadeusz Grabski, minister plenipotentiary and trade counselor. The ambassador conveyed the greetings from the party and state leadership of the People's Republic of Poland which were cordially reciprocated by Erich Honecker. Director of the exhibition Edward Czarnecki explained the items on show.

For the first time a series of totally enclosed high current conductors for power stations, which has several patents, was on show in Leipzig. In contrast to conventional cables they require less materials and reduce energy loss. In the agreed trade for 1983 and in the future expansion of trade relations between the two countries electrical engineering products to cover demand in the GDR and in the People's Republic of Poland are taking a primary place.

The conversation between Erich Honecker and Ambassador Gheorghe Tache, Trade Counsellor Gheorghe Pozdanie as well as representative from electrical engineering firms at the Romanian collectives' stand opened further possibilities for specialization and cooperation between both countries. Goods from Romania on sale at the fair comprise above all products from microelectronics and communications technology, electric motors, transformers and machine tools, as well as air conditioning and refrigeration technology. Electrical engineering equipment and models of heating stations, ships' engines and water turbines received attention.

The United States is celebrating the 30th anniversary of its participation in Leipzig trade fairs. This was pointed out by Ambassador Rozanne L. Ridgeway in the joint exhibition organized by the U.S. Department of Commerce. She said that in a few days the trade and economic councils of both states would discuss in Leipzig and Berlin the further development of trade and economic relations between the two states. Erich Honecker congratulated the ambassador on the anniversary. The Leipzig fair is in the spirit of unrestricted world trade, he stressed, and serves to unite the business world, and beyond that all nations, in peaceful trade and cooperation.

With approximately 100 medium and small sized firms, Austria is among the most strongly represented capitalist industrialized states at the Leipzig Spring Fair this year. At the stand of the Federal Economic Chamber there was a cordial welcome for Erich Honecker and the other personages by Ambassador Dr Hellmuth Strasser, the president of the Federal Economic Chamber, commercial counselor Rudolf Sallinger, and the Austrian federal minister for trade and industry, Dr Josef Staribacher. President Sallinger spoke of the decidedly positive development of trade between both states, which was expressed especially in the 1982 results. Erich Honecker replied that the state of relations which had been reached not only provided a sound foundation, but also had positive effects on peaceful cooperation in all fields.

Approximately 60 Austrian enterprises are represented in 14 branches of the investment goods sector. Some 40 are showing a varied offering of consumer goods.

At the British information stand there were talks with the British minister of state for trade, Peter Rees, as well as with Donald Francis Ballentyne, charge d'affaires to the GDR. Erich Honecker and Peter Rees praised the program for the further development of economic cooperation, which was signed immediately before the start of the Leipzig fair. It lays down measures for the deepening of trade relations for mutual benefit. With the realization of the program a significant increase in exports and imports as well as economic cooperation is possible.

Since diplomatic relations between the GDR and Great Britain were established 10 years and, there has been a fourfold increase in trade between the two countries. Some 70 British firms are participating in the spring fair, and they are represented especially strongly in the fields of heavy machine construction, electrical engineering, electronics, and scientific instrument construction.

The GDR has for many years had trade relations with Italy, which is represented this year at Leipzig by 95 firms. At the stand of the Italian National Institute for Foreign Trade, Ambassador Alberto Solera, trade councillor (Saba d'Elia) and the director of the institute in the GDR, (Ettore Vernacchia), welcomed the members of the party and state leadership. The ambassador spoke of the favorable development of relations with the GDR, which had received a new impulse from the recent visit to Berlin by Foreign Minister Emilio Colom. He assessed it as a contribution to better mutual understanding, for peace and for detente in Europe.

The GDR also considers the visit to have been of great benefit, Erich Honecker answered. It had set clear guidelines for the further development of relations between the GDR and Italy. They are exemplary for a constructive cooperation between countries with differing social orders.

There was a cordial welcome for Erich Honecker and the other personages at the collectives' exhibition of the Syrian Arab Republic. Ambassador Faysal Summaq and exhibition director (Shibli Abu Fakhr) explained the goods in display, including textile products, technical consumer goods, canned fruit and vegetables as well as skilled crafts. During the talks Erich Honecker's friendship visit to Syria in October 1982 was recalled. This visit introduced a new stage in relations between the two countries. The GDR-Syria Joint Committee for economic and scientific-technological cooperation, which has been in existence since 1975, is further influencing the development of economic relations.

At the collectives' stand of the Islamic Republic of Iran the deputy Iranian minister for plans and budget, (Seyed H. Shahrestani), welcomed the members of the party and state leadership of the GDR. In his talk with Erich Honecker he praised the lively development of economic relations between the two states since the victory of the Islamic revolution in his country. The Iranian participation in the fair is an expression of the wish to expand relations with the anti-imperialist countries. Areas of cooperation with the GDR are, among others, machine construction, metallurgy, the cement industry, the energy industry and transportation. The Iranian representative expressed the hope to develop further in Leipzig the expansion of trade discussed in December during the visit of a GDR Government delegation in Tehran. Erich Honecker wished best success in this.

For the third time Canada is present at the fair with an official trade stand. In a talk with the members of the party and state leadership, Ambassador John MacLeod Fraser expressed the wish of his country to expand economic relations with the GDR. He said the progress made in trade so far between the two countries could be expanded. Erich Honecker replied that the GDR wants to expand trade and cooperation with Canada on the basis of mutual benefit. For the first time technical days of the GDR took place in Ottawa last year.

At the collectives' stand of the Mexican Foreign Trade Ministry Erich Honecker was received by the charge d'affairs (Gonzalo Aguirre Enrile). In Erich Honecker's words, friendly contacts have been strengthened. He combined his greetings to the Mexican President with the confirmation that the GDR would do everything to keep relations between the sides on the ascendant. This corresponds to the spirit of the agreements reached during his state visit to Mexico 2 years ago.

India will expand its trade with the GDR in this year. Steps to this end are planned in the relevant agreement which has concluded by both countries on the basis of a long-term trade and payments agreement for the years 1981-1985. At the welcome to the collective exhibition of that country by the Indian charge d'affairs, Mrs (Parbati Sen Vyas), and exhibition director (Krishna Nairan Modawa), Erich Honecker praised the good relations with India, which have existed for a long time. As the host of the summit meeting of the non-aligned states, India has again stood at the center of world interest. Under the leadership of its prime minister, Indira Gandhi, the country has made great contributions to peaceful coexistence. That is why he hoped that the fair would also contribute to a further deepening of relations between the two states.

A few hours after the friendly meeting with Fidel Castro in Berlin, Erich Honecker took the opportunity to welcome again friends from the fraternal country at the Cuban collectives' stand. The short working visit was very fruitful for further securing the friendship between Cuba and the GDR. Erich Honecker wished the deputy minister for foreign trade, Jose de la Fuente, and the president of the Cuban Chamber of Trade, Jose M. Diaz Mirabal, further successes on the island of freedom.



At the exhibition stand pictures and documents point to the 20 years in which diplomatic relations have existed between the two countries. Corresponding to the measures fixed at the 11th meeting of the joint committee for economic and scientific-technological cooperation last October, the Leipzig fair is intended to contribute to even closer cooperation between Cuba and the GDR above all in machine construction. Fourteen Cuban foreign trade enterprises are represented at the stand, which has grown from last year.

Nicaragua is represented for the fourth time at the fair with a collective exhibition of its Ministry of Foreign Trade. At the stand Ambassador Emilio Moreno cordially welcomed the members of the party and state leadership. Erich Honecker turned to Nicaraguan children, who presented him with flowers, and wished a happy future to the youngest generation of this country, fighting for its independence and freedom. Our heart is at the side of Nicaragua, its children, the whole of its people, he said.

Ambassador Emilio Moreno expressed thanks to the GDR for the comprehensive solidarity support which it has given to the young revolution as one of the first countries. Since the establishment of direct relations in 1979 trade between both states had developed rapidly. On the basis of most recent agreements at the end of February cooperation will also expand to the deliveries of vehicles, fertilizers, road construction machines and communications equipment, as well as to science and technology.

The results of economic and scientific-technical cooperation between the GDR and Yugoslavia largely determine the latter's exhibition. On being welcomed at the information stand by Milenko Bojanic, member of the Federal Executive Council and SFRY federal secretary for foreign trade, and Ambassador Ljubomir Majeric, Erich Honecker praised the friendly relations between the two countries in all spheres. They will develop dynamically to mutual benefit.

The Yugoslav exhibitors are introducing several high-quality products produced jointly with the GDR at the fair. Examples of this are mining equipment, engineering products and low voltage switching equipment. At present, there are 10 agreements on specialization and cooperation in various industrial branches between the two countries spanning 5 to 8 years. Seventy Yugoslav production and trade organizations in 10 technical and 8 consumer goods branches are exhibiting in Leipzig.

During a visit to the collective stand of the Republic of Argentina, Erich Honecker said in a talk with Ambassador Enrique J. A. Candiotti that many possibilities exist for expanding mutual relations in all spheres. The ambassador said that this is the first time that the Trade Ministry has assumed supervision of the country's collective exhibition.

At the stand of the "Samid" Enterprise Association of the PLO, Erich Honecker was welcomed by the Minister of Economic Affairs and "Samid" General Director Abu 'Ala, and by the PLO charge d'affaires in the GDR, 'Abd al-Jabir Hamad. "Samid" employees were demonstrating with their products the unbroken will of the Palestinians to continue their struggle for their rights even under difficult conditions. In this they receive great support from the socialist states.

The GDR is constructing a spinning works and blanket factory in two community projects for the PLO enterprise in the Yemen Arab Republic. Erich Honecker conveyed warm greetings to Yasir 'Arafat, chairman of the PLO Executive Committee and wished the Palestinian people success in their just cause.

At the collective stand of the Socialist Republic of Vietnam Ambassador Phan Van Kim, the deputy minister for foreign trade, Nguyen (Tu) [name as received], as well as trade councillor (To An) welcomed the guests. During the friendly talks the ambassador emphasized the interest of his country in further expanding trade with the GDR. I am very happy with the good relations between both countries, Erich Honecker said. We will always stand by you. Twelve Vietnamese foreign trade enterprises are exhibiting at the fair.

Goods, textiles and crafts products are on exhibition at a collective stand of 15 enterprises from industry and agriculture from the PDRY. Here the guests were received by Ambassador Qasim 'Abd al-Rabb Salih [name as received]. Erich Honecker reciprocated the cordial greetings from the chairman of the PDRY Supreme National Council Presidium and general secretary of the Central Committee of the Yemen Socialist Party, 'Ali Nasir Muhammad, which were conveyed by the ambassador. Erich Honecker said that he is convinced that relations between the two countries will continue to develop positively on the basis of concluded treaties.

At the stand of the Democratic Republic of Afghanistan the members of the party and state leadership were received by Ambassador Mohammed Shafiq. Minister of Commerce Mohammad Khan Jalalari conveyed most cordial greetings from the chairman of the Afghan Revolutionary Council, Babrak Karmal, which were reciprocated by Erich Honecker. Mohammad Jalalari expressed thanks for the support of his country by the people and government of the GDR in its efforts to expand Afghanistan's international trade relations.

Traditional and typical products of the country such as textile goods, crafts, agricultural products and toys were exhibited by the Lao People's Democratic Republic at its collective stand. The members of the party and state leadership had a cordial talk here with Ambassador Kongkeo Phanouvong. The exhibition director, trade councillor Loy (Chansavat) was also present. Ambassador Phanouvong was grateful for the visit by the GDR representatives and for the greetings from Erich Honecker to Kaysone Phomvihane, general secretary of the Lao People's Revolutionary Party Central Committee and prime minister of Laos.

Afterwards, Erich Honecker was welcomed by the charge d'affaires of the People's Republic of Bangladesh, (Anwar Husain Choudhury). The country is represented at Leipzig for the seventh time with a collective exhibition.

Democratic Kampuchea is represented for the second time at the fair. Ambassador Ros Chuon, who welcomed the guests together with the deputy minister for trade, Thong Chan, expressed gratitude for the solidarity of the GDR. Erich Honecker said, we are good friends and will help to reconstruct your country.

At the collective exhibition of the Democratic and Popular Republic of Algeria 29 national companies provide an insight into results of the industrialization of the country and its heavy industry. Ambassador Belkacem Ben Yahia and

exhibition director (Djamel Abdoun) welcomed Erich Honecker and the other personages. Erich Honecker emphasized that mutually beneficial cooperation is in the interests of both countries in the preservation of peace and the realization of social aims. The GDR and Algeria are currently implementing a number of large industrial projects, among them the construction of a cable works in Bistra.

At the exhibition of the People's Republic of Angola, Erich Honecker and the director general in the Ministry for Foreign Trade, Miguel Neto, expressed their satisfaction with the dynamic development of foreign trade relations. Miguel Neto expressed thanks for the GDR solidarity in the struggle against the South African aggressor, which is seriously damaging the economy of the country.

At the Mozambique stand at the Leipzig fair Erich Honecker recalled the most recent visit by President Samora Machel in Berlin and requested that cordial greetings be conveyed to the president. The meeting with Samora Machel was yet more proof of the high level of all-round bilateral relations. Mining and geological and agricultural projects in Mozambique are significant aspects of cooperation.

At the Zimbabwean collective exhibition, which is represented at the Leipzig fair for the first time, the members of the party and state leadership were welcomed by Trade Minister Richard Howe. Erich Honecker said that the GDR and Zimbabwe are united by friendly relations. He requested that cordial greetings be conveyed to Prime Minister Robert Mugabe. He is convinced that Zimbabwe's government will use all opportunities to strengthen the national economy in the interests of all the people.

Brazil values Leipzig as an outstanding center of world trade. His country has been doing good business both with the GDR and with other states here for years, Ambassador Mario Calabria said in welcoming the personages at the collective exhibition organized by the Brazilian Foreign Ministry. The ambassador underlined Brazil's interest in the further expansion of economic cooperation with the GDR. Brazil again increased its import of GDR goods in 1982.

Erich Honecker described relations with Brazil as good, and further cooperation is possible for the purpose of mutual benefit. An example of this is the cooperation agreed between the Takraf Combine of the GDR and three Brazilian companies for the construction of port cranes. The combine delivered almost 250 cranes to Brazil in the past 10 years so that every major port today is equipped with such technology from the GDR.

There was a cordial meeting at the stand of Socialist Ethiopia. The guests were welcomed by charge d'affaires Melaku Rufael, and trade councillor Gebrie W. Agegnehou [spelling of names as received]. Ethiopia has exhibited at Leipzig for 6 years. Melaku Rufael praised the cooperation between his country and the GDR. In Ethiopia a complete cement factory is currently being constructed by GDR heavy machine construction combines. Erich Honecker praised the successful cooperation between both countries as an expression of friendly relations.

At the collective exhibition of the Republic of Iraq, the members of the party and state leadership were welcomed by State Minister Hashim Aqrabi and Ambassador Khalid O. F. al-Rawi. Minister Aqrabi conveyed greetings from chairman of the revolutionary command council and president of the Iraqi Republic Saddam Husayn, which Erich Honecker reciprocated. Numerous firms producing industrial and consumer goods typical of the country are taking part in the exhibition set up by Iraq's Economic Ministry. Both countries coordinate their economic contacts on the basis of a long-term trade agreement concluded in 1975.

Greek Ambassador Vasilios Elevtheriadhis described Erich Honecker's first visit to the Greek community stand as a reflection of the friendly relations between the two countries. He is convinced that commercial contacts will be expanded at all levels. Thirty-nine firms are represented at the fair. They are exhibiting agricultural products, but also industrial goods such as electric cables, batteries and magnesite. Erich Honecker said that the good relations will expand on the basis of mutual respect and equality.

At the stand of the Belgian trade office the members of the party and state leadership were greeted by the Belgian Ambassador Dr Cyriel M. Lemmens. He described his country's presence in Leipzig as an expression of efforts to further extend economic contacts with the GDR. Erich Honecker praised the level of mutual relations. He assessed the visit by a Belgian Government delegation, led by the secretary of state for foreign trade, Andre Kempinaire, economic and scientific-technical cooperation.

At the Finnish industry information stand, Ambassador Ensio Helaniemi briefed the members of the state and party leadership on the lively participation of his country's firms at the fair. Erich Honecker said that relations between the two countries had progressed well. He gave his assurance that the GDR will assist in their further expansion in every way.

Hungary is introducing export products in 10 technical and 7 consumer goods branches in Leipzig. At the stand of the Budapest Foreign Trade Enterprise Komplex, which sells plants for the foodstuffs industry, cold-storage depots and agricultural machinery, the members of the state and government leadership were warmly welcomed by Ambassador Dr Bela Szalai and trade official Gyula Ferenczy. Trade relations with the GDR have developed positively especially during the past few years, the ambassador said. The GDR is Hungary's second most important trade partner.

Erich Honecker replied that relations are indeed developing well, especially in the economic sphere. This is beneficial for a further increase in trade volume. On the basis of the existing long-term trade agreement until 1985, an increase in trade to over R1.6 billion has been agreed on for 1983. This is an increase of 5.6 percent compared with the previous year.

The CSSR is the second largest exhibitor from the socialist countries and is taking part in 14 technical and 13 consumer goods branches. At the central stand of the CSSR export industry, Erich Honecker and the other members of the party and state leadership were given a warm welcome by Ambassador Pavel Sadovsky, Bohumil Urban, the foreign trade minister, and trade councillor Ludvik Golat.



The CSSR ambassador described the dynamically developing economic relations as a firm pillar of the friendship and alliance between the two countries and as a real contribution to the deepening of socialist economic integration. The trade volume agreed on for 1983 between the GDR and the CSSR is to reach a total value of R2.4 billion. This is an increase of 11 percent compared with last year.

Among the CSSR's exhibits is an electronic safety device for steam and gas turbines, in which the CSSR specializes within the CEMA and which are also in operation in the GDR, and a model of a nuclear-energy plant.

At the stand of the FRG concern Mannesmann Ag, Duesseldorf, the board chairman, Dr Egon Overbeck, as well as other leading figures from the concern greeted Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, and the other members of the party and state leadership. At the beginning of the conversation, in which the head of the permanent mission of the FRG in the GDR, Dr Hans Otto Braeutigam, the economics minister of Lower Saxony, Birgit Breuel, and the CDU politician Walther Leisler Kiep, also took part, Dr Overbeck expressed his satisfaction with this visit.

The concern has been at the fair for 30 years. Year by year the exchange of business between his concern and partners in the GDR is increasing. Indeed, generally the inner-German exchange of trade and services is a stabilizing element in the European economy. Mannesmann Ag itself has been able to triple its volume with the GDR in the past 3 years. He hopes that it will develop still further. In this connection, Dr Overbeck thanked state secretary Dr Gerhard Beil, who is making a good contribution to the development of business with the GDR.

It is indeed true, replied Erich Honecker, that economic relations have greatly improved, and the Mannesmann Ag itself has made a great contribution to this. Turnover is already considerable and, Erich Honecker added, efforts from both sides will contribute to securing this expansion in the future, too.

Dr Hans Otto Braeutigam expressed the satisfaction of the FRG Government with the results of the year 1982 with a turnover of DM14 billion and a rate of increase of 12 percent, for which one can congratulate the participating concerns. It is true that the problems of the two countries cannot always be reduced to a common denominator, but it is certainly right to say that good economic cooperation is necessary for a sensible and responsible policy. He expressed his confidence that a further increase in economic cooperation on the basis of continuity, reliability and predictability will be achieved in 1983. Dr Braeutigam called what was at one and the same time Karl Marx and Martin Luther year a good omen for the development of relations between the two German states.

Erich Honecker replied that he fully shares the conviction that there can be progress. In the first contacts that he had with President Carstens and with Chancellor Helmut Kohl, the development of relations between the GDR and the FRG was discussed. Erich Honecker said that he is of the opinion that both the FRG and the GDR do a great deal to "create peace with fewer and fewer arms." Erich Honecker said that he believes this to be the decisive point.

It is true that the development of economic relations is a firm basis for gradually moving forward in this very important area. The GDR is in favor of further developing trade on the broadest possible level, both with Mannesmann Ag and generally between the GDR and the FRG. This trade, which has a respectable turnover of 14 billion [currency unstated], is mutually beneficial, and the GDR is endeavoring to develop it further in this direction.

We are of the opinion, Erich Honecker affirmed, that trade provides a good basis for relations between the GDR and the FRG and for continuing the political dialogue between our two states. In his view the most important thing in this is always not to place in the foreground those questions which cannot immediately be solved, but to tackle those questions "that really help us to advance slightly in the development of intra-German relations." Erich Honecker said that all this takes place in accordance with the principle of give and take, and it has been shown that the development of relations on this basis proceeds extremely fruitfully.

Turning to Dr Braeutigam, Erich Honecker said that he will, as far as his schedule of engagements allows, take advantage this year of the invitation from President Carstens and Chancellor Kohl to visit the FRG, and that he is convinced that "such a meeting will bring us a step forward, in particular in view of the fact that both German states can make a great contribution toward securing peace."

We share the view, Erich Honecker added, that the idea of partnership in peace and security is of extreme importance. We can argue about various matters, "but it seems to us better to cooperate in those areas where the possibility of cooperation exists." In this respect the GDR, with a view to the future, will see things in a good light.

Dr Egon Overbeck expressed his desire to do business in third countries jointly with the GDR. Two specific projects exist that have already been discussed and that could be realized within a reasonable time. Over and above the exchange of goods and services, they could lead to closer cooperation. The chairman of the board of Mannesmann Ag confirmed that in his view, too, trade with each other is the clearest expression of a friendly and peaceful attitude. It is in this spirit that we want to cooperate in future, too.

Spanish heavy industry is represented by the trading firm Tradespan. Here the participants in the walkabout were received by Luiz Carlos Croissier, state secretary in the Spanish Ministry for Industry and Energy, and by Ambassador Manuel Gomez-Acebo de Igartua. The Spanish Government attaches great importance to the development of relations with the GDR in all areas, the state secretary stated. In some areas of industry relations between the two countries have already been successfully formed. Spain wants further to develop these connections.

Erich Honecker replied that the GDR, for its part, is ready to expand economic relations with Spain. He described the development of industrial relations as very positive and referred to the great prospects in collaboration for mutual advantage.

The trade firm Tradespan is representing around 500 concerns in Leipzig.

The next stop after the visit to the Spanish stand was to the exhibition of the important French concern Creuzot-Loire. French Ambassador Maurice Deshors welcomed Erich Honecker and the other GDR representatives in the name of the French exhibitors. He presented (Michel Collas), president of the committee for the promotion of French-GDR trade, and Didier Pineau-Valencienne, president of the Creuzot-Lore-Gruppe. The French ambassador described the visit by the GDR party and state leadership as a sign of the GDR's lasting interest in cooperation with France. Our partnership, he said, is almost 20 years old, and we are convinced that one side can rely on the other. Erich Honecker shared this optimism in relation to the development of economic relations between the two countries. Further great opportunities exist to expand trade relations between France and the GDR.

Color photographs of the visits by Erich Honecker in the last 3 years to the Nippon Steel stand, document the fact that the "Japanese street" has for a long time been part of the walkabout of the GDR party and state leadership. Erich Honecker, the executive director of the Japan-GDR Economic Committee and president of the Nisshin Steel Corporation, Yuzuru Abe, and the Japanese ambassador, Yuzuru Marakami, paid tribute to the level of cooperation. Political, economic, scientific and technical and cultural relations between the two countries are exemplary for relations between states of different social orders on the basis of the principles of peaceful coexistence. Contributions to the theme of the fair "programmed effectivity through microelectronics" have been made by Toshiba and O-A Machinery. They are also contributing to a further increase in Japan's trade exchange with the GDR, which last year rose by 33 percent.

At the end of their tour of the Leipzig Spring Fair, Erich Honecker and other members of the GDR party and state leadership visited the Soviet pavilion, where Ivan Ustiyan, the chairman of the Council of Ministers of the Moldavian SSR and head of the USSR Government delegation to the fair; Ambassador Petr Abrasimov, Anatoliy Klimov, the director of the Soviet exhibition, and army general Mikhail Zaytsev, the commander in chief of the group of Soviet forces in Germany, warmly welcomed them. One of the principle themes of the USSR exhibition is the close USSR-GDR cooperation. Basic agreements between the two countries are designed to deepen it. A large photograph shows Yuriy Andropov and Erich Honecker in conversation is displayed. This and other pictures in the foyer show important stages in the evolution of this cooperation.

Diagrams point out that trade between the GDR and the USSR in the 1982-1985 period rose by 50 percent compared with the previous 5-year plan to over R58 billion. After the tour Ivan Ustiyan and Erich Honecker made speeches.

Ivan Ustiyan described the fraternal alliance and close cooperation between the USSR and the GDR as a convincing example of truly internationalist relations. The peoples of the Soviet Union, the GDR and the other fraternal socialist countries, who are going about their peaceful work of construction, have no task more important than to prevent a nuclear war, which menaces them; than to preserve and strengthen peace. He called the dangerous aggravation of the international situation, caused by the aggressive policy of imperialism, above all the United States, a harsh reality of our time.

The Prague declaration of the Warsaw Pact states has once again persuasively shown the stability and firmness of the positions of the socialist community, the consciousness of their strength, their firm resolve to defend peace and the constructive line of their foreign policy. The proposals contained in it open up realistic possibilities for overcoming confrontation, eliminating the danger of nuclear war, limiting and reducing nuclear weapons and improving the worldwide political climate.

Erich Honecker said that this morning we visited 56 stands of domestic and foreign exhibitors. He expressed cordial thanks for the kind invitation to visit the Soviet pavilion. He said that our political and basic economic aims are identical. USSR-GDR trade this year will be of the order of R13 billion.

The GDR fully supports the proposals made by Yuriy Andropov to secure world peace, substantially reduce strategic weapons systems as well as missiles and aircraft carrying nuclear weapons. If one considers these far-reaching proposals and the Prague declaration of the Warsaw Pact states, then it is clear to everyone that the supreme concern of the socialist community is to avert the danger of a nuclear inferno and to secure a peaceful future for mankind. That accounts for the worldwide response to and broad approval for these initiatives, which extends even to leading NATO circles.

In this context, Erich Honecker referred to the appeal issued by the nonaligned states from their summit conference in Delhi. He had an opportunity to discuss this on Saturday with Fidel Castro, the outgoing chairman of the nonaligned movement. These countries have done a great job in Delhi, Erich Honecker said. These countries will do their bit to make peace prevail in the world and to prevent a nuclear inferno.

The prevention of the stationing of new U.S. nuclear first-strike weapons in western Europe, which would expose the continent to a deadly threat, is the order of the day. Erich Honecker said: We are against the policy of confrontation and the arms build-up and for cooperation and continued detent.

(SO: 2300/165



MINISTER VIEWS PROPOSED PRICE INCREASES

PM280941 Zielona Gora GAZETA LUBUSKA in Polish 16 Feb 83 pp 3-4

[Interview with Minister Zdzislaw Krasinski, chief of the Price Affairs Office, by Interpress correspondent Aldona Lukomska--date, place not given]

[Text] [Question] Minister, it is almost exactly a year since we--that is, you as minister together with us journalists--were promising people that once that painful operation, euphemistically named the price reform, was over, a lot would change for the better in our market. Today, on the anniversary of that traumatic price rise move, people are again beginning to talk about price rises. What is going on?

[Answer] In the first place, nobody ever promised that last year's big price rises were the last ones ever to be introduced in this country. Price increases are perfectly normal phenomena in every correctly functioning economic system. They are the most effective regulators of market equilibrium. I am of course talking about civilized price increases, ranging between several and a dozen or so percent, not the sort of increase we introduced last year. And so, if we are to avoid further shocks caused by price rises, we will have to get used to the reality of those price mechanisms, whether we like it or not.

[Question] But these impending price increases are not spoken of as normal manifestations of market mechanisms. We are again being told about an imminent market catastrophe which can only be averted by new, higher prices. We have had this lesson before, and the results are manifestly lamentable. Was last year's increase in prices really such a complete fiasco?

[Answer] No, it was not, although it certainly did not result in full success either. We lacked consistency in carrying it through, and often we simply lacked imagination. In the first 6 months of last year the increases did in fact work. And let us not say that nothing changed in the market during that time. The empty shelves in stores began filling up with goods. Unfortunately, some people became so overwhelmed by this success that they forgot about the harsh realities of the market. Wages started climbing at an unprecedented rate. The last quarter of the past year almost brought about a catastrophe. All in all, in addition to the compensatory cost-of-living increases people's wages were doubled again, and all that with the production falling by 2 percent.

[Question] Minister, I am sorry, but at this point I have to quote one of the directors of a large enterprise who, at a meeting with Minister Baka, had this to say: "I get the impression that it is we who are trying with all our might to keep wages under control while the authorities are doing everything to keep them going up." To illustrate this, he quoted the Council of Ministers Resolution No 135, promoting wage increases, and also the latest instructions from the [Polish] Bank to hurry up with paying this year's "13th month bonus" to work forces despite the fact that so much money--for which there is no equivalent in goods--had already found its way to people's pockets in the last quarter of the year. So who is turning the money taps on?

[Answer] It would probably be difficult to point a finger at the culprit, for there are several factors that have combined to create this situation. There is an unquestionable pressure from below to increase wages. Work forces compel modifications of the [pay] system while the authorities are unable to resist that pressure. Hence the frequent inconsistent and shortsighted decisions. Nor should we forget that right now the whole economy is at the stage of being reborn in a new form. But the new form has not yet begun functioning properly while here and there the old forms are still working fairly well. And in the meantime we are attempting to modify and perfect the new mechanisms without giving them sufficient time to take root. I do think, however, that it has finally been realized that there is a high price to pay for inconsistency. This is a good sign.

[Question] But it will cost us another set of price increases. Is it really necessary?

[Answer] Yes. This year's deficit in the state budget--at the current, February prices--is calculated at 2400 billion. I do not know of a country which would be capable of functioning with such a deficit. Its amount is almost equal to the costs of the two basic social services provided and financed by the state--I mean the cost of the health and education services. To put it briefly, if we do not recover at least 2250 billion from the market, there will be no money for those two services. I do not need to explain what that would mean.

[Question] This sounds a bit like an ultimatum. But at your last press conference you announced a consultation on the extent and directions of the proposed increases. How do you see such consultation?

[Answer] A draft questionnaire, or consultation sheet, is virtually ready, prepared--on the basis of quite extensive correspondence--by the Price Survey Office and containing a long list of proposed price increases. Everybody will be able to express his opinion on which prices should be raised and which ones must not be altered. At the same time the questionnaire contains information on the financial consequences of each proposed variant. Our ability to maneuver here is, of course, considerably restricted because we must protect the prices of at least the basic foods. On the other hand, letters from our correspondents who joined the prices debate contain a proposal on introducing a so-called anti-inflation tax. If, for example,

everybody were to pay between Z50 and Z100 of this tax per Z1,000 of their earnings, the extent of price increases would be kept to a minimum.

[Question] What does it mean that everybody will be able to express his opinion on the proposed price rises?

[Answer] As I see it, one of our papers with nationwide circulation will carry a supplement containing the above-mentioned questionnaire. Every person buying a copy will be able to fill in the questionnaire and send it to the address indicated in it. Next, the results will be compiled by, say, students, and a report will be prepared. Its main points will be announced to the public. On matters of dispute we will consult the trade unions at big enterprises. We are already conducting a sort of pilot survey among the work forces. The thing is to try to find if this form of consultation will pass the practical test.

[Question] I can see it is going to be a mammoth operation--but are you sure this is the right way of asking society for its opinion?

[Answer] Of course not! But we have no other way at the moment. In the future such consultations should take place with trade unions alone, and, to put it more precisely, with their central representation (if such emerges). This is the way negotiations are conducted elsewhere in the world. Unfortunately, we cannot do this right now, for it is not possible to negotiate with several thousand unions at once.

[Question] If I got it right, nobody is going to ask me whether I agree to the increases at all, only which of the proposed increases I would accept in the last resort. In other words, the question of whether the increases are at all justifiable has already been decided, has it not?

[Answer] I do not expect anybody to answer in the affirmative when asked outright whether he wants prices to rise. I do, on the other hand, hope that people will come to understand the economic realities. Especially as it really is not a question of some soaring high jump. After all, those Z250 billion that I spoke of represent a mere 6 percent of the sum of Z4 trillion by which the incomes of our population will rise this year.

[Question] But what will happen if our society boycotts the consultation?

[Answer] We then have two ways out: either to increase the prices anyway or--to save the market--to introduce total rationing. The rationing of absolutely everything: underwear, television sets, sewing cotton, needles, washing machines and clothing. Every single thing! And, to make it worse, no one has any idea how it should be done. But I trust we will not have to resort to that option.

CSO: 2600/537

## JARUZELSKI VIEWS ECONOMIC REFORM

AU141712 Warsaw TRYBUNA LUDU in Polish 10 Mar 83 pp 1, 2

[Article by Kryzysztof Krauss: "Gen Wojciech Jaruzelski Attends the Session of the Economic Reform Commission"]

[Text] As promised, the office of the government's spokesman has drawn up a report on the implementation of the economic reform in 1983. The 9 March session of the Economic Reform Commission discussed this report as well as further changes in the running of the national economy. After the results of this discussion have been incorporated into the report, it will be presented to the Council of Ministers, submitted to the Sejm and then published.

Opening the session, Premier W. Jaruzelski, who chairs the commission, stressed that the session's debates were the second comprehensive evaluation of the implementation of the economic reform. Commission members, he said, can be regarded as "supervisors" of the reform and important elements of social control over important changes in our country's economic relations. The commission's task is not to approve of the government's actions, but to produce an honestly critical evaluation of the reform's legal foundations and practical implementation. In a word, the commission's task is to state what hinders the implementation of the reform, how it should be modified in the light of experience, and so on.

The reform has been implemented for a short time--for just a year, which is a short period. The conditions of its implementation have been extremely difficult. Production continued to slump during the first 6 months of implementation, and the situation was complicated by the U.S. and Western economic sanctions. Specialists had forecast that in 1982 our economy would slump still further by some percentage points. That this was not so was to a great extent the achievement of the economic reform. This means that the reform was necessary and that the decision to implement it was politically and economically right. We began to transform our economy in 1982, but this year will be a year of great trials. May it become a period of breakthrough. The point is not that there is no alternative to the reform. The point is that there is no better alternative to it. To insure that this alternative is the best possible in every way we must always watch the process of the reform, which must be improved all the time.

Evaluating the course of the reform in 1982, it is necessary to see its tasks for 1983. In particular, it is necessary to find out whether the reform is effective enough to prevent increasing inflation and easy wages and to primarily encourage productive work. Second, it is necessary to insure that the reform encourages the conservation of materials and fuels, which is not just a requirement, but an imperative dictated by economic reality. Third, it is necessary to decide what is to be done to insure that the reform encourages rational employment and increased productivity.

The long discussion at the session was dominated by these issues. The session stressed among other things that whereas the reform's legal enactments are on the whole cohesive, though not always watertight, the decisions concerning the implementation of the reform are not always cohesive and consistent. It was pointed out that at times a trend can be observed toward laying responsibility for weaknesses and failures on lower echelons and toward clearing the so-called central echelons of all responsibility.

The fact is that some "central" decisions that are not thoroughly considered and analyzed defy the logical construction of the principles of economic performance. In this connection, some speakers from the floor criticized government decree 186 of 1982, which had for some time violated the correct proportions between increases in wages and production results and which still continues to have an adverse effect on the pay claims of those who have worked efficiently all the time. This is because this decree has favored the enterprises that first brought about breakdowns in production and slumps in productivity in order to "increase" production without any major effort.

Some participants in the session took the view that whereas the systematic solutions are being consistently implemented in enterprises, there is no progress in adapting the principles and practice of the performance of the central management units to the requirements of the reform. These participants asserted that quantitative planning is beginning to again dominate fiscal planning and that attempts are being made again to reestablish "hierarchy" not only within the enterprise-association-department setup, but also within the planning commission-ministries-branches setup. The practice of apportioning the purpose of funds and tasks to be apportioned is again gaining the upper hand, which favors personal and other setups at the expense of objective economic criteria.

The problem of inflation and economic imbalance, especially market imbalance, was a particularly recurring one during the discussion. Large-scale uncontrolled inflation combined with economic imbalance may vitiate the mechanisms put into action by the reform and may upset the reform itself. The session agreed that it was necessary to prevent high profits through price manipulation and to create conditions under which progress in economic management, larger and better production and lower production costs are the only source of enterprises' profits. However, the participants in the discussion often differed on how this should be achieved. [AU141713] Some of them thought that the appropriate state bodies should again be responsible for fixing all prices, and others asserted that the state should be more effective in its supervision over price policy and that more rational ways of price control should be devised to curb various methods of price manipulation. They also asserted that



administrative measures should not be applied in this regard because such measures had been useless in the past.

The session devoted much attention to so-called temporary solutions that were in force in 1982 and continue to be in force this year. They include the rather extensive system of rationed materials and the state's responsibility for part of the amortization of machines, installations, buildings and so on. Whereas not all participants in the discussion were in favor of gradually leaving the rationing of materials to the laws of economics, all of them were in favor of leaving only part of the amortization funds at the disposal of enterprises in view of the fact that the enterprises' fixed assets are now being revalued. This revaluation, which will be effected at several stages, will greatly increase the amortization funds.

If we agreed that all such funds should be held by enterprises as of 1984 (this was what the reform proposed initially), enterprises would amass enormous investment funds which could not be matched by the economy's real potential. This would additionally boost inflation and would make it difficult to control the volume and lines of investments. It would also increase funds to boost wages to an extent not matched by improved production results.

CSO: 2600/570

SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw TRYBUNA LUDU in Polish 7 Mar 83 p 7

[Text] Announcement of Exchange Rates Table No 10/83, effective 7 March 1983, by Leszek Urbanowicz, for the president of the Polish National Bank, on 7 March 1983.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 12,012.88 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries].

[Table on following page]

Exchange Rates Table No 10/83

Country	Curr Symb	Currency	Foreign Exchange		Money		Average
			Purchase	Sales	Purchase	Sales	
			4	5	1	2	6
Saudi Arabia	771	1 rial***	25.02	25.28	--	--	25.15
Australia	781	1 Aust. dollar	31.66	32.48	80.43	83.71	82.07
Austria	786	100 schillings	502.29	507.33	494.71	514.91	504.31
Belgium	791	100 francs	178.93	180.73	176.23	183.43	179.83
Denmark	792	1 kroner	9.91	10.01	9.76	10.16	9.96
Finland	780	1 markka	15.85	16.01	15.61	16.25	15.93
France	793	1 franc	12.44	12.56	12.25	12.75	12.50
Greece	724	100 drachmas	103.07	104.11	89.34	105.66	163.59
Spain	785	100 pesetas	65.40	68.06	64.42	67.04	65.73
Holland	794	1 florin	31.88	32.20	31.40	32.68	32.04
India	543	100 rupees***	864.13	872.31	--	--	117.33
Ireland	782	1 pound***	116.79	117.97	--	--	117.38
Japan	784	100 yen	36.13	36.49	35.58	37.04	36.31
Yugoslavia	718	100 dinars	107.64	108.72	93.30	110.34	106.18
Canada	788	1 Can. dollar	70.00	70.70	68.94	71.76	70.35
Kuwait	770	1 dinar***	294.40	297.36	--	--	295.88
Lebanon	752	1 pound	21.35	21.57	21.03	21.89	21.46
Libya	651	1 dinar***	290.72	293.64	--	--	292.13
Luxembourg	790	100 francs	178.93	180.73	176.23	183.43	179.83
Norway	796	1 kroner	11.98	12.10	11.80	12.28	12.04
Portugal	779	100 escudos	91.62	92.54	79.41	93.92	92.08
FRG	795	1 mark	35.25	35.61	34.72	36.14	35.43
United States	787	1 dollar*	36.07	86.93	84.77	88.23	86.50
Switzerland	797	1 franc	41.72	42.14	41.09	42.77	41.93
Sweden	798	1 kroner	11.49	11.61	11.32	11.73	11.55
Turkey	627	100 pounds	39.63	40.03	34.35	40.63	39.83
Gr. Britain	789	1 pound**	129.64	130.94	127.68	132.90	130.29
Italy	799	100 lira	6.11	6.17	5.30	6.26	6.14
Iran	646	100 rial***	101.50	102.52	99.97	104.05	102.01

\* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Iran.

\*\* Valid also in clearing accounts with the following countries: Nepal and Pakistan.

\*\*\* The Polish National Bank does not purchase money in these currencies.

CSO: 2600/578

AGRICULTURAL DEVELOPMENT, POLICY, PROBLEMS DISCUSSED

Agricultural Institute Director Comments

Warsaw ZYCIE WARSZAWY in Polish 17 Jan 83 p 3

[Interview with Professor Augustyn Wos, director of the Institute for Agricultural and Food Economy, by Leszek Bedkowski: "Prices, Profitability, Income."]

[Question] Recently in the programs of agricultural development, and in agricultural policy, much attention is being paid to, among other things, profitability in production, which peasants have been strongly demanding. The realization of profitability varies in practice, however. What do scientists say about it: Does it pay to be a farmer?

[Answer] In the years 1981-82 procurement prices were changed nationally, it was an overall regulation. It was to resolve two problems. First, it was a reaction to the increase of production means prices, of practically speaking all the material goods, as a result of which the costs of agricultural production increased too. The regulation was therefore to counteract the decline of peasants' real incomes.

The second goal was activational. To what extent it was achieved is a matter of discussion. Some believe that we have come a full circle in price changes with no results: production is lacking, the market is not balanced, etc. I say this: changing the procurement prices has had the positive result of slowing down the decline of agricultural production. Without those changes, the extent of the decline would be hard to imagine, and it is better not to think about its consequences.

Were the changes in production of the kind one would expect, however? No. In the past, price changes of this scope usually evoked stronger reactions. But production depends mostly, perhaps, on supplies of production means. If these means are lacking, it is hard to expect the farmers to react to even the best prices.

[Question] I suppose not every price change, even a large one, is advantageous? Let us take potatoes, for example...

[Answer] The error here consisted above all in the choice of the moment and the way of carrying out the changes. This is an example of a nervous action in a difficult situation. In price policy, mistakes occur and it is not surprising. When they are not corrected, however, we are in trouble.

[Question] Let us return to the issue whether it pays to be a farmer.

[Answer] There are so many farmers in Poland that for some it certainly does not pay. This concerns weak, primitive farms, run by people with low qualifications or the elderly. The price policy cannot however be carried out with an orientation toward marginal producers. We should orient ourselves toward typical, though not average, farmers. Rather, farmers whose production costs are higher than average...

[Question] Weaker than average, then?

[Answer] Yes, because otherwise over a third of the farmers would have higher production than procurement prices. But the price policy allows a group of about 25 percent of "below-the-line" farmers to cover their production costs. There still remains a margin of 8 to 12 percent of farmers, as our research shows. This cannot be helped. It is the same in all countries: within the same price ranges, some farmers find it worthwhile to produce, others do not. The objective is that every farmer should be able to choose a product which, at a certain price level, would guarantee him an income.

[Question] For that a farmer needs, first of all, a very stable agricultural policy...

[Answer] Stable with regard to principles. Farmers demand higher procurement prices when production costs go up. Does it pay to be a farmer, then? When all these assumptions are met, it does pay.

[Question] Why the common complaints about profitability, then? Is it because of the peasants' notion, that "if we stop talking about it, they will stop paying attention to us"?

[Answer] I am far from drawing hasty conclusions about the causes of complaints. I suppose these are normal human reactions. One wants to have a higher income and knows that the shortest way to it is by raising the prices of his products. It is rather logical. Take a look at our state enterprises, which are acting in the same way. There are however two outlooks: private and social, and the problem is in their convergence.

[Question] Is profitability of production a sufficient basis for shaping agricultural policy?

[Answer] I wish it were so simple! The problem lies somewhere else--in a balanced market of production means. These however are systems-type methods, connected with the reform. A factory cannot be ordered to produce certain things, it must see its own interest in it too.



[Question] And the two interests collide?

Answer Yes, because the worker also demands higher prices for his product, and the peasant must pay them. This decreases the latter's production, fewer agricultural products reach the market and the worker says "we give ours, what about theirs?"

[Question] Or else: the farmer demands that procurement prices be higher?

[Answer] This converges with the principle of prices meeting the costs, which is included in the policy settlements. In our present situation we must however be careful not to release another phase of the inflationary spiral. So far the movement of prices unfortunately has been of an inflationary character. As a result we are at the point of departure, with the exception that everything costs more. That we have achieved. While in agriculture itself the price ratios are worse than before.

[Question] Precisely. There are many misunderstandings concerning the price increases. Everyone fears them and focuses his attention on them: some, in order to justify their necessity, others to protect themselves... So where are the price ratios and their economic role?

[Answer] Prices are not a panacea for everything. What is the situation today? Freezing the retail prices of food complicates the situation in motivational systems in agriculture. In order not to ruin whatever is left of the market balance, we remain with our hands bound when it comes to changes in procurement prices, necessary because of the increase in production costs. If we hold tight to the economic rules, we should proclaim that there are no fixed prices. But under social pressure, the government introduced so-called "stop prices" for certain articles, mainly agricultural ones. There are two solutions. Either we have no "stop prices" and the situation is economically clear, or we return to the system of subsidies in order to not paralyze the motivational system in agriculture. A third solution does not exist.

[Question] If the price ratios were better today, would the situation be easier?

[Answer] Probably. Some price ratios are incorrect, particularly those regarding potatoes...

[Question] Could you verify the opinions voiced by farmers that, for example, grain ought to cost three times as much as potatoes, and slaughter livestock should be eight times more costly than grain?

[Answer] In economics there are no hard rules handed down by God or formed by nature. There are, on the other hand, so called border ratios, the overstepping of which causes problems. These cannot be deduced theoretically, as they result from experience. This issue, for example, of whether slaughter livestock should cost 6 or 8 times as much as grain. If livestock prices are higher, everyone will want to turn fodder into meat, and no one will want to produce fodder; if they are lower, many farmers will switch to grain.

[Question] We have just overstepped the ratio upwards. It seems something like 1:9...

[Answer] And fodder remained number one problem in Poland. Not meat. Without resolving the grain problem, we cannot resolve any other.

[Question] Professor Wos, how do the peasants fare, all in all? Are they rich or not?

[Answer] I do not like to discuss this subject. We can only talk without emotion about the income level. In the past 30-year period peasant incomes were lower than incomes of the nonagricultural population. We researched them in our Institute and parity amounted to 72-85, which means that the peasant incomes were 15-28 percent lower than the comparable, statistical incomes of the remaining population groups. Only in 1981 did parity amount to 108, and in the following year, according to the preliminary data, to 100. Thus it has grown in comparison with the nineteen seventies...

[Question] But now it has fallen in relation to 1981...

[Answer] These changes cannot be analyzed from year to year. The trends must be recorded, because in agriculture, fluctuations are normal.

[Question] I get the impression that some people mythologize the parity, while others belittle its significance in shaping agricultural policy.

[Answer] Parity must be looked at pragmatically, not emotionally. There is no rational reason why half of society should consistently have a lower living standard, why it should be discriminated against for decades. But parity is important also for motivational reasons. A farmer's income is not the same thing as, for example, an office worker's. The peasant invests from his income into his workshop. The income policy regarding the farmers is, in fact, a policy of stimulating production. This applies to all sectors of agriculture.

[Question] We are talking about farmers as a monolithic mass, while in fact a stratification of the countryside is taking place because of certain administrative decisions. Tying the allotment of production means to the sale of agricultural products, for example, results in strong, productive farmers becoming even stronger, and the weak ones remaining without support and falling further behind.

[Answer] This is one of the conflict areas. As an economist I have to say that if we want to have food and have it as soon as possible, because it is a matter of the highest reason of state, we should place our means (which are very humble, after all) where they will yield the best results. Only afterwards can we wonder whether the means have been divided equally and justly, which is not synonymous.

[Question] Social justice forces us to notice, however, that many farmers have found themselves in trouble through no fault of their own, and they are losing from the start.

[Answer] Definitely. One thing nevertheless is certain: the reform, carried out consistently, must lead to polarization. We, however, in our political system, cannot forget the people who are affected by it. We must have a social program protecting those who for important, objective reasons cannot maintain themselves on a decent level. The economic system, however, must be oriented to those who produce.

[Question] Only after this expressed reservation about a social program can we talk, I think, about polarization as one of the ways of improving the structure of our agriculture?

[Answer] Yes, there is a close connection between the agrarian structure, the production level and its cost. In our conditions, a typical peasant family should have 16-20 hectares in order to maintain itself, but it has 5 hectares on the average. With a favorable agrarian structure, the pressure on procurement prices will be smaller. Moreover, if we have those who can do so producing a lot, efficiently and cheaply, more will be available for social programs for those who cannot produce. A situation in which the social program is overly developed, and there is no one to pay for it, is tragic.

My general thesis is this: the stimulation of production should be separate from social programs. The economic system must be efficient from the point of view of developing production and lowering its costs; on the other extreme, and based on different principles, a system of social security should be created. On the other hand, the issue of the so-called income outlets is a different thing. These should be taken care of by the fiscal system. The role of prices is to stimulate production, while the fiscal system should secure the skimming of those incomes which are above socially-accepted levels. In no case, however, should a policy of keeping prices artificially down be put into effect, because then we shall have no production.

#### Farmer's Views Expressed

Warsaw ZYCIE WARSZAWY in Polish 18 Jan 83 p 3

[Interview with Jan Olobry, farmer from Staropol, Sanniki community, Plock Voivodship, by Leszek Bedkowski]

[Question] Has something made you mad today?

[Answer] Eh...I went to buy a pair of shoes with my ration card. There aren't any. In the marketplace they cost 3,500 zlotys, and they are shoddy. But in the store there aren't any. No dress shoes, no rubber and felt boots. I cut up foil sacks, wrap them around my walking shoes and go into the stable. There is no other way, the cows must be tended to. There is no thermal underwear either, or quilted jackets, or clothes, and the cold is biting. A farmer wears down his things three times as fast as an office worker, and one is not asking for luxuries, but in the stores only the salespeople are in abundance.

[Question] Not long ago, you would start the conversation by talking about coal, machines and fertilizers...

[Answer] Coal supplies seem to be a little better. But not machines. We need tractors and associated machinery, because they multiply the available manpower on the farm. The more manpower, the larger the livestock and the better the fields are cultivated.

[Question] What are you expecting?

[Answer] A rotary moving machine, a raking machine, a self-reaping trailer... and a tractor; a domestic C330 or 360, not a Fergusson. For a farmer like myself, with thirteen hectares, a C330 is useful for everything. I can also get spare parts for it and patch it up. In a Fergusson tractor, the screw threads are measured on the inch scale. A year can pass before one finds parts for it.

[Question] The industry has somewhat increased production for agriculture. Perhaps you will get your machines soon?

[Answer] I can wait, but can people wait for food? We have a crisis in the country and one must think differently than if there were no crisis. Now, for example, used machines are sold, but only at auctions. An expert evaluates something at 70,000 zlotys, but the auction results in the final price of 140,000.

[Question] Would you do away with the auctions? Why?

[Answer] The community administration has all the farmers listed--who is waiting for what. The line has been established long ago. If the community director cannot give a new machine, let him give an old one, but at the price estimated by the expert. In an auction only the seller, who is liquidating his workshop, gains. The farmer who wants to enrich and develop his--loses. And this is later reflected in production costs.

[Question] And does the community head distribute the machinery justly?

[Answer] He has an agrarian commission to help him.

[Question] Chosen by the farmers?

[Answer] Appointed by the director. The commission does not function badly. You know, you cannot please everyone. So the commission deliberates twice, three times on the same case. If it decides something and the community remains dissatisfied, it meets again and corrects the decision. In a village everybody knows everything and nothing can remain hidden.

[Question] So the only problem is that the director and the commission should have something to distribute?

[Answer] Exactly. There are no batteries, tires, building materials. Everybody makes his own hollow blocks, but one cannot make brick, baked or white. Or asbestic tile. And try to buy sheet metal! Even though we have all those steelworks...

The connecting-rod for the motor you can bend in your hands! And insecticides cannot be even dreamed of. So in place of grain we are harvesting weeds, potatoes get eaten by bugs, not by pigs.

[Question] Do you have complaints about prices?

[Answer] With prices it varies. Fertilizers, for example, are expensive in relation to grain or milk. Or take fodder: for one meter of grain I get 1,400 zlotys, but I pay 1,700 zlotys for fodder. Let me put it differently: once I could buy a liter of tractor fuel for a liter of milk, and today a liter of orange soda costs 30 zlotys while a liter of my milk, which has 3.8 percent fat, costs 19.50 zlotys. Sometimes little things are strangely expensive; a kilo of nails is priced at 50 zlotys, and a tooth for the cultivator, 530 zlotys.

[Question] You managed, however, to make a profit on potatoes?

[Answer] I can't complain, the industrial type sold for 700 zlotys per meter, and the edible ones for a thousand. Only I could not sell them all. The porker needs four meters of grain and five meters of potatoes. I must invest 15,000 zlotys into it...

[Question] I don't think you can count the potatoes which you feed to your pigs at 1,000 zlotys for a hundred kilograms, since you grew them yourself?

[Answer] I am counting them at 700 zlotys per meter, like industrial type, and not counting my own work at all. Anyway, I am telling you this not to complain and you need not believe my words. I want to show, however, what such prices can lead to. A peasant can think: Why should I tend my livestock, hassle about the milk or meat, when I can get more for grain and potatoes? It is clear that not many farmers reason that way. They keep cows and pigs even if it is less profitable: because people in the city must eat after all, and everybody has some family in the city. But prices should be established in such way that there would be the fewest temptations for such simplistic farming: to plant, dig out, sell, and let the devil take the rest! It is time to get out of the crisis. It is already difficult to live with the thought that our children's children will still be paying off our debts.

[Question] What advantages does the farm give you?

[Answer] Sometimes I think I would be better off in the city. There are four of us working on the farm. We are specializing in milk, have an 80,000 zlotys debt with the bank, rise at 5 in the summer, at six now, work until 6, and in the summer even until nine at night. One is one's own laborer, supervisor, foreman and administrator. But never mind the work, if at least there is profit...



[Question] Is there?

[Answer] Must be, or I would not be working.

[Question] You are saying this with hesitation, and supposedly farmers sleep on money?

[Answer] Why? Because I have a car? Many things cannot be arranged in Sanniki, and I must go to Costynin. By bus I waste six hours, with my car it takes me two. Those who say that it is a picnic to work a farm should acquire some land. The state has lots of it and now gives it willingly. They will not take it, but prefer to grouse. I liked the statement the minister, it was Krzak then, made once; he said people should not begrudge the peasant a car bought at the car exchange; the peasant earned his money, and so he spent it! A farmer cheers up hearing such statements, feels that his hard work is appreciated. But others just grouse repetitiously that we have money. We have it, because we cannot buy anything. We would be happy to spend it on machinery, fertilizers, footwear...

[Question] Let us calculate calmly how much profit you make on cows.

[Answer] It is hard to calculate it exactly, because in the summer a cow eats grass, so how is that calculated? But on the average, a cow eats daily 2 kilograms of fodder at 2 zlotys a kilo, which makes almost one and a half thousand a year.

It eats 4 kilos of hay at 5 zlotys per kilo, which comes to over 7,000 zlotys a year. And about 30 kilograms of silage or root fodder at one and a half zlotys a kilo, namely 16,000 a year. All together, 25,000 zlotys. I take 45,000 zlotys for the 3,000 liters of milk which it produces. Thus I make 20,000 profit on her. I have ten cows. Add to it money for potatoes, beets, and grain. But this is not clear profit, because I must pay taxes, insurance, buy fertilizers, coal, machinery, fodder mixtures, and so on. Insurance alone has gone up to 1,500 zlotys for a cow, so I have to spend 15,000 right there. What I am left with must in turn be divided among the four people working on the farm. I would like each of us to have, let us say, 5,000 zlotys monthly of clear earnings. Then I could say that not only farming gives us some advantages, but that it pays for me work in the field.

[Question] What should be changed in order to have it so?

[Answer] This rule should be established: the farmer who works harder, has more money, and needs not be ashamed of it. With this money, he should buy everything he needs in order to produce more.

[Question] Very simple, too simple perhaps, don't you think?

[Answer] Why? In western countries a farmer pays high taxes, but has the means to earn to pay them. We must have an improvement quickly, we must produce machinery, fertilizers, we must calculate prices well: anyway, why should I tell you these things. Enough is being written and said about it, sometimes it seems to me that more is being said than done...

[Question] Do you often say it aloud?

[Answer] Last year I spent about 15 workdays at meetings: at the volunteer fire department, at the agrarian circle, at the breeders' association, at a general village meeting. I idled half a month away and even more on visits to various offices. But without going around and talking, nothing will happen.

[Question] And you believe in the sense of this walking around and talking?

[Answer] I would like to believe. Actually I do believe. Many things already have been achieved. Farmers are happy that the Possession Act is treated honorably, that the Sejm has confirmed it. One already used to think: Why bother, if it is not clear whether it is mine, or for how long? Today I know that it is mine for good, and I work accordingly. A farmer uses every scratch of land, works day or night. Only this must be appreciated, he should be helped, all those things I have talked about should be settled. And if we continue to walk around, talk and inquire, I suppose the state will hear us? This is the 20th century and one would want to do something to be envied by the capitalist countries, and not the other way around.

#### Deputy Minister Comments

Warsaw ZYCIE WARSZAWY in Polish 19 Jan 83 p 3

[Interview with Andrzej Kacala, deputy minister of agriculture and food economy, by Leszek Bokowski]

[Question] Two and a half years ago it was publicly admitted that domestic agriculture was in deep crisis. At the same time, after August, peasants claimed their rights, saying loudly that before they could only whisper at village meetings. The slogan "We can feed ourselves" made the rounds. Important documents by political, social and trade organizations have appeared from the beginning of 1981, the guidelines of the PZPR Central Committee and the Presidium of the NK ZSL [Supreme Committee of the United Peasants' Party], among others. The government also worked out an appropriate program. Many orders have been placed in your department as well. What visions of agriculture and the countryside have been designed?

[Answer] First of all, I would like to correct the words, "in your department." The orders have been placed by society, including agricultural society, to the whole of the national economy, economic and social policy. For the widely-accepted slogan that food is produced by the whole of society has not lost its significance, even if it is not sufficiently accepted.

What orders have been placed? What visions of agriculture have been designed? First of all, a stable agricultural policy: equal and compatible conditions for development of all sectors of agriculture in the sphere of economic policy and land turnovers. The economic policy must guarantee

the profitability of production, understood differently than the wages of workers in other divisions of the economy. This profitability is to guarantee the farmer and his family proper living conditions, but also a possibility for yearly renewal of production and, one would like to add, of its increase. The new policy is to clearly favor these farms, which will be able to increase the production of goods.

Secondly, the peasants demanded possibilities for rational investments in agriculture. The state takes upon itself investments permanently improving production conditions, namely building the so-called infrastructure, including improvements, which is the basis of the bases. Farmers, on the other hand, are to take care of the development of their own bases. The state is to support them with credits, means of production and other materials. Thirdly, professional advisers, not only in agro-zootechnics, but also in matters concerning the internal organization of farms, the ability to utilize production means. Economic counseling, nonexistent in our country, was also demanded; it would deal with the problem of what direction of farming to choose.

The realization of the first three requests is the recipe for good agriculture, proven all over the world.

[Question] Why do we need agriculture structured thus?

[Answer] Society needs a new and permanent improvement in the level of food consumption. Perhaps not as high as in rich countries, nevertheless a satisfactory level, that would guarantee decent living conditions and efficient work, removing the difficulties of "procuring food", allowing to choose a certain model of consumption. All that at prices which would allow a family to maintain itself. People like stable food supplies, without those great swings every few years. They want better quality food, they are against wastefulness in the food-processing phase of production and in turnovers. All this results in the necessity to speed up development of what we call the food economy.

Farmers, and this applies to all sectors, would like to be given an opportunity for work bases finally on a stable price policy and clear economic conditions. They would like a normal market of production means and agricultural market, which would tie them rationally with the national economy. They would like a gradual overcoming of barriers in the development of agriculture.

[Question] A vision of agriculture means rather a vision of conditions which we will create for agriculture? This, I suppose, is our weakest point? All the important documents spoke, for example, about 30-percent outlays for agriculture, while only 28 percent were given, and they included: agriculture, the agricultural and food production industry, and what is the most surprising, the development of some other industries working on behalf of agriculture...

[Answer] The times when agriculture was left to shift for itself are over. The soil and weather conditions alone allow us to gather 13-15 quintals of grain from a hectare, for example, while we will need over 30 quintals relatively soon. Thus the economy must develop production for agriculture, in order for the latter to meet the social need for consumption. In other countries, 14 percent of the industry works for agriculture, in our country it is 5 percent, and not long ago it was 4 percent. The crucial part of the crises which we have undergone has been the inability to distribute currently the proportions of economic development, including the role of agriculture. While devoting 40-50 percent of family budgets for food, we, as a society devoted only a dozen or so percent of national wealth for the production of this food and, what is most significant, only a few percent of the production of the basic industries. We calculated that the rest will be filled in with the farmer's daily work of fourteen or more hours, and the weather. With such calculations, the balance could be made up only by importing an increasingly-growing part of our needs. The industrial products which we lacked for normal development of agriculture had to be sold to cover the costs of this import.

[Question] In time, these products were lacking, and we had to borrow in order to eat?

[Answer] Today we know that this policy was advantageous for others, but not for Polish agriculture or the Polish economy. We want to overcome this and effectively bring about normal proportions of development for the economy and agriculture.

[Question] How is this to be done?

[Answer] The opportunity lies not in indicators set according to goals, but in economic mechanisms introduced by the reform, which are the best regulators of development processes. We were capable of setting perspective programs rather well, but had no mechanisms guaranteeing their realization. Also important are the changes in the mechanisms of wielding authority, which protect the interests of various sectors of the economy and social groups. We must however remember that doubling or even tripling the participation and role of agriculture in the national economy requires a basic restructuring of this economy, which is difficult in general, and particularly difficult under crisis conditions. Under any conditions, it requires time. Today we are struggling to meet the completely basic needs of agriculture. Not everybody helps in doing it; for many the slogan of priority for agriculture is sufficient cause for contentment, but they do not feel it is their concern.

Changes in the economic system are obvious to economists today. Industry is trying to apply itself to them. Tomorrow will appear the first announcement of basic changes, which will be taking place over a period of several years in the form of a new range of production. We must be impatient, active, but also look realistically at the possible scope of the changes.

[Question] Impatient, but understanding, because improvement remains a question of the future? Because that is the economic reality? How then should the farmer's understandable distrust be overcome? Why should he believe once again, on the basis of words, that now the policy will certainly be wise and stable. In other words, how to overcome the crisis of the farmer's trust, and simultaneously, the crisis of the farmer's profession?

[Answer] The causes underlying the crisis of the profession must be overcome. This is not an abstract conception, but a realistic set. The crisis of the profession must be overcome in order to overcome the agricultural crisis. And its overcoming reinforces in turn the attractiveness of the profession. It is a feedback and no simple solution is available. We must strive to create for the farmer conditions of work and life comparable with the work and life of other social groups, what we call in a simplified manner, the parity of incomes. This signifies the necessity to concentrate land and production, simplify and specialize the latter, speed up the process of equipping the farmer's workshop, lessen his dependence on nature. These are the basic ways, but I repeat, they depend not just on agriculture, but on the whole economy.

We must create living conditions in the countryside congenial to those in the city, and reduce the historical distance by equalizing the social conditions, health services, educational opportunities. The recent changes are significant, although uneven; extensive in social services (in financial terms), and fewer in educational opportunities. I think however that farmers already notice the positive changes, although not in the form of production increases, only in its concrete forecast: the increase of land prices, interest in the profession, returns to farming and so on.

[Question] Can we achieve self-sufficiency in this decade? Can we really begin to "feed ourselves?"

[Answer] Self-sufficiency in food production is not merely a hope. It is a chance for the country's development, and only from such viewpoint should agriculture and the food economy be viewed. Our own experience as well as the world's problems and perspectives indicate it. "We can" should be replaced by "We must," because this is one of the best guarantees of development. Of course, the conditions I outlined at the beginning have to be met. We have enough land, and despite common beliefs, enough people. We lack a broadly understood technology. We must carry on a wise economic and social policy.

[Question] Often however one hears an opinion that the assumptions of the agricultural policy were correct, only their realization was faulty. What should we do in order to be successful in this unfortunate realization?

[Answer] Briefly speaking: we must support the changes in the economic system of management, changes in the legal system, in the new political institutionalization of the state, the development of authentic agricultural self-government, and particularly an authentic cooperative movement. There are no guarantees.



[Question] It seems to me that your greatest ally, as an administrator of agriculture, is today the sight of empty refrigerators and pantries. What will happen, however, if things start improving? Will not those for whom agriculture is a necessary evil get the upper hand again?

[Answer] This is a worry for the future, although it is not lacking substance. Even now opinions can be heard that the countryside is too rich, so why does agriculture "beg from the national economy." Lack of understanding of the real problems of agriculture is considerable, especially for a young industrial society with a first-generation working class. Perhaps, however, things will not be so grim? Perhaps the successes of agriculture will win it supporters, rather than activize its enemies? People like successes better than failures...

[Question] How to reconcile the city with the countryside? How to resolve the frequent disputes about who is richer?

[Answer] A crisis always gives rise to disputes and squabbles. People look for scapegoats and form opinions about the situation of other social and professional groups. This refers not only to the city-countryside relations, but also to relations between various nonagricultural groups. What we all need is simply good information, more specific evaluations by social and political institutions, like GUS scientific units, social and trade organizations.

A real overcoming of this type of dispute comes with overcoming the crisis itself. A development settles the squabbles best.

12270

CSO: 2600/320

# SUGGESTIONS FOR IMPROVING INDUSTRIAL TECHNOLOGY INTEGRATION

Bucharest ERA SOCIALISTA in Romanian No 23, 5 Dec 82 pp 15-18

[Article by Dr Eng Nicolae Armencoiu, director of the Institute for Power Studies and Design: "Role of Investments in Implementing Energy Policy"]

[Text] The problem of securing the energy resources essential to Romania's socioeconomic progress (a problem to be discussed by the National Party Conference as well) has been a subject of particular interest to our party and state for several years, as the frequent analyses made of the progress and prospects of solving this problem emphatically demonstrate. Romania is one of the countries of the world that pursues a uniform, scientific policy on this subject, as well as a broad and far-reaching program prepared by the party at Nicolae Ceausescu's suggestion and under his direct guidance. What is intended and what is being done to carry out this program? In general and according to the latest party decisions, Romania is to become energy-independent by the end of the current five-year plan. In other words, it is to meet its fuel and electric power requirements out of domestic resources. To be sure that aim is neither simple nor easy to accomplish, but all calculations indicate that it is quite feasible.

Romania's energy independence is to be accompanied by some significant changes in its energy reserve, for purposes of restructuring it according to the needs and potentials of the national economy in their evolution. In particular this means a drastically reduced proportion of hydrocarbons in heat and electric power production along with a massive increase in the proportion of coals (especially lignite and bituminous shales), water power, nuclear energy and the new energy sources. On the principle that conserved energy is the cheapest, the energy policy heavily emphasizes reduction of heat and electric power inputs in any way and in all socioeconomic sectors from industry, the biggest consumer, down to public lighting.

An energy program the size of the one we have to implement requires heavy manpower, material and financial outlays. Certainly the Romanian state allocates major investment funds to development of the fuels industry and the heat and electric power sector. In the 1976-1980 Five-Year Plan, for example, 24 percent of the total industrial investments was allocated to those two industries on the

average. In the current five-year plan 14.8 percent of the total investments in industry is allocated to the heat and electric power industry alone, compared with 11.4 percent in the preceding five-year plan.

Proper implementation of the investment programs depends to the greatest extent upon the economic effectiveness of the invested funds and whether the inputs of materials, manpower and resources are used to the greatest advantage. In this article we shall take up some points about investments in heat and power engineering that we consider particularly important.

#### What Do We Mean By Effectiveness?

The economic effectiveness of investments ultimately indicates the extent of their socially useful effects. In the case of power plants burning inferior fuels, these effects are essentially as follows: (a) replacement of large quantities of hydrocarbons, and (b) increased production of heat and electric power on the basis of lignite and bituminous shales. These effects are to be obtained with minimum costs per kilowatt-hour and minimum internal technological consumption to produce heat and electric power.

The RCP's energy policy, described at length in the documents of the 12th Party Congress and in the decision of the Plenum of the RCP Central Committee of 31 March 1982 on implementation of the energy production program in the 1981-1985 Five-Year Plan and development of the national energy resources up to 1990, emphasizes increased production of heat and electric power on the basis of inferior coal and bituminous shales. In view of the tasks assigned to raise lignite-based electric power production to 47.5 percent of the total electric power output in 1985, it is vital for the power plants to be activated within the planned time limits and to attain a high degree of reliability and availability within brief periods. In view of the shortage of hydrocarbons and especially of liquid fuel, an additional lignite-based electric power output is a particularly effective contribution to Romania's development.

In the light of the national economy's requirements, the concept of economic effectiveness acquires a broader sense including the economic suitability of the investments, that is the priority of some capacities over others or the best time to make the outlay. The economic effectiveness of investments in electric power plants is determined by comparative technical-economic calculations with the so-called total updated outlays as a criterion. As a calculation method, updating is based on the time factor whereby the outlays made at different times are reduced to equivalents at one and the same time. Updating outlays indicates the degree of immobilization of the funds for the period of construction in a given method of staggering the investments. In this period immobilization of funds does a certain kind of damage to society that is greater the longer the construction takes and the further in advance of the real technological needs certain items or operations within the investment capacity are completed.

Furthermore it is well known that immobilizations of investment funds have major bad effects upon the national economy, but they become extremely harmful when the capacities are not activated on time, because the capacity does not start production by the planned time and consequently the expected economic effectiveness is not attained and the output, in this case heat and electric power, must be produced in other capacities.

Construction of coal-based electric power plants is the primary problem of development of Romanian power engineering in the current five-year plan. In fact implementation of the programs for prompt activation and attainment of the planned parameters of the lignite-based heat and electric power plants is an economic and political goal of national importance, and it requires concentration of all the combined efforts of the elements concerned and especially of the mining, machine building and electrotechnical industries.

The heat and electric power plants are designed according to the provisions in the documents of the 12th Party Congress and of the following plenums of the RCP Central Committee. The studies and designing in the last period were mainly focused on uniform treatment of the lignite-based heat and electric power plants with 50 megawatt generating sets. A good deal of progress was made in unifying the technological procedures by standardizing some components, eliminating the imports, rationalizing the hydraulic circulation, etc. Moreover a major effort was made to improve safety and economy in the Rovinari and Turceni power plants. The experience acquired there is being applied to the Anina Power Plant under construction and will be extended to the other power plants to be built.

The electric power plants burning inferior coals and equipped with domestically manufactured 50 megawatt generating sets are designed for more than 7 years. Logically in that period the plans should be completely changed from design of gas-based power plants to those burning inferior coal and the new technologies should be completely assimilated. Unfortunately, however, there are still a number of defects in the designs, partly because we do not yet have any definitive experience with the operation of even one power plant with 50 megawatt generating sets out of those designed, since the coal-based equipment manufactured in Romania has not yet been approved, and partly because the results obtained at the Rovinari and Turceni power plants in a first stage were below those specified in the design. The latter situation is reflected in the way the heat and electric power plants are now designed.

#### Quantity and Quality of Lignite

It goes without saying that an activated lignite-based electric power plant cannot entirely perform the social function for which it was built without raw material in the quantity and quality specified in the design. If either of the two attributes is lacking, say quality for example, the problem of attaining the planned parameters can be resolved only to a limited extent or not all, even by quantitative compensation. This is demonstrated by experience with some lignite-based power plants, and it is explained by the fact that the effect of inferior lignite upon the performance and efficiency of the power units and accordingly upon the final economic effectiveness is not expressed by any linear kind of relationship but by one closer to the exponential type. It follows from this finding that if the expected final effect is to be obtained, efforts must be made both to adjust the installations, especially those already installed, to the current quality of the fuel and particularly to correct its quality and to bring it up to the quality specified in the design, for which the power units were calculated. The former method consumes much resources and is not very effective, while the latter consumes less resources and is highly effective.



The efforts to improve the installations and to adjust them to the actual quality of the lignite have been concentrated on improving the combustion conditions (increasing the discharge of the coal mills, providing post-combustion grids, a refractory belt, etc.) and obtaining as constant a quality of the coal as possible by coal management with mixing possibilities.

Provision for the quality of the lignite is becoming more and more of a prime factor for the economic effectiveness of the coal-based electric power plants. Under the particular conditions of Romanian lignite, especially that obtained from the surface pits in the Oltenia region, the main factor for impairing the quality is the chance admixture of clay in the lignite, combined with the great mass of waste. Preparation of the lignite at the mine (refining it) is a very economically effective alternative, and in addition to lower outlays and despite some loss of combustible mass, it provides an overall energy yield much greater than the technologies do that are based on combustion of this fuel in a raw state in the heating plants. This reduces the inputs of energy in transporting, handling, grinding and burning the raw lignite as well as the consumption of hydrocarbon additives, considerably decreases the capacity of the installations, etc. That is why, along with the efforts to perfect the equipment, the need is felt of immediate consideration of some technologies to prepare and refine the lignite as a means of obtaining high electric power outputs while ensuring the normal lifetimes of the existing heat and electric power plants burning lignite.

The way a fuel is approved in planning new power plants is another problem. It might seem at first glance that it does not matter much if these approvals are granted in a very general way, with no precise indication of the mines or pits, the annual quantities, the quality of the fuels, etc. But superficiality in this regard, in addition to conflicting with the investment laws, prevents adoption of precise measures particularized for each separate case and leads to increased investment values, wrongly in many cases. Therefore it is necessary to shift to a precise and clear method of granting these approvals in the stage of drafting the designs, with direct involvement of the responsible elements who will guarantee that a specific quantity of lignite of quality X will be supplied from mine Y for year Z. Guarantee of the quality of the lignite for heat and electric power plants, as well as exact knowledge of the sources of the fuel supply, will permit drafting the designs for power plants for the respective quality range as well as timely arrangements for transporting the fuel.

And finally, the method of planning coal production, which is now done in natural tons, is a problem worthy of analysis. The system is unstimulating and insignificant because the raw mass does not reflect the heat content of the fuel. We consider it strictly necessary to begin planning coal production in tons of conventional fuel and possibly by categories (soft coal, lignite etc.), which would provide an accurate measurement and stimulant to this output.

#### Incompletely Used Potentials

As we know, determination of the real causes and the extent of the bad effects is a scientific method of analyzing economic activity in order to take effective technical-organizational measures to remedy the defects. Since construction of lignite-based electric power plants is a national program, such measures



are all the more necessary. The main problem is to detect and eliminate all reasons why the periods of construction and attainment of the planned parameters are still very lengthy in the case of the heat and electric power capacities burning lignite and bituminous shales.

In the last 15-20 years Romanian industry has made a great and laudable effort to assimilate a large number of power or auxiliary units for the hydroelectric and heat and electric power plants. A broad program is under way to assimilate units essential to construction of nuclear electric power plants. We are now constructing electric power plants almost exclusively with equipment produced in Romania, and the proportion of supplementary imports for the heat and electric power plants is about 1.5-1.6 percent of the total investments. Thanks to the concerted efforts of design and industry, the heat and electric power plants have entered the stage of standardization and equalization of procedures, permitting medium-size series production of power units, machines and installations.

Nevertheless the irregular way in which the construction-installation operations are performed, delivery of equipment uncorrelated with the flow of installation and not within the scheduled time limits, disregard of the contractual deadlines, poor finishing of equipment, increasingly low degree of preassembly in factories (in the case of boilers, for example), lack of installation documentation, disregard of the clauses on guarantees, insufficient technical aid in installation, repairs of equipment made at the construction site and other such defects create serious difficulties and are the main causes of activations long past the deadlines.

The inadequacy in some respects of the construction capacities of the construction enterprises of the Ministry of Electric Power is another reason for delays in activation of heat and electric power plants. As contrasted with the investment projects of other ministries, in which the technological processes can be provided for in standardized shops by means of prefabricated elements, the power capacities by their nature require pouring large quantities of reinforced and plain monolithic concrete (foundations of equipment, dams and other labor-intensive components) or the use of heavy special prefabricates (floor caissons, supports etc.). This characteristic makes it necessary to use a large amount of specialized labor that cannot always be procured in the right quantity and quality or at the right time.

The shortage of specialized manpower in construction also affects, among other things, the activation deadlines of power capacities. In order to meet urgent requirements at one construction site large numbers of workers often have to be shifted from other sites in operation, resulting in delays at the sites from which the teams have been moved.

In order to meet the construction schedules, in addition to the effort to recruit and select the construction personnel, analyses with the builders are necessary in starting the project in order to determine the actual amounts of construction and installation they can perform within the desired time, so that the workload that cannot be finished within the specified time limits can be assigned to other construction units in other ministries. Of course along with the necessity of meeting the need of construction personnel, it is essential to keep increasing labor productivity by expanding mechanization and industrialization of a large volume of operations at the sites.

In the same connection, I think greater emphasis should be placed on preparing for construction by securing better and closer collaboration between designers and builders. At present the construction technologies specified in the design are often modified during construction in adjustment to the construction possibilities of the moment, even if the new technologies do not conform to the rationalized procedures.

Delays in activation of heat and electric power plants are also caused by delays in reviewing. According to law, review of designs goes through the following channel: After a design is drafted, it is reviewed within the drafting institute, then in the ministry, and then in other central organs, after which it is submitted for approval. But delays often intervene in this chain that finally result in a long total cycle of reviewing (about 12 months), often making it necessary to start the investment projects in a detrimental system that makes it impossible to improve the procedures on the basis of comments that might result from the reviews in the central organs. Moreover out of haste in drafting the designs equipment is specified that has not been approved or is even being designed, which often leads to changes at the sites with losses in manpower, materials and investments.

High effectiveness of heat and electric power stations burning lignite heavily depends on obtaining locations for them that are as favorable as possible and as close as possible to the heat consumers, in their center of gravity. The county people's councils often propose and support locations far from consumers requiring large amounts of excavation. The Ministry of Agriculture and the Food Industry also makes stipulations in favor of remote lands for power plants or for the slag and ash deposits. We are not in favor of withdrawing agricultural lands from agricultural or forestry use, but in any case we think better collaboration is necessary between designers, the local organs and the land holders in the stage of determining the locations.

Better construction of electric power plants is inseparable from better organization of assembly work, correlation and control of deliveries, and improvement of equipment by means of a clear system of responsibilities and guarantees. In the past, when we resorted to composite deliveries from abroad, construction of electric power plants in Romania had all the advantages of properly organized deliveries. Construction periods were much shorter in that period even for coal-based power plants. The quality of construction was good and attainment of the planned parameters was a much simpler matter.

Consequently engineering work on the electric power plants must be organized immediately, if not for complete activation as in some industrially advanced countries, at least for ordering this activity in accordance with the urgent needs of the national economy. In this connection the system of organization and responsibilities of the function of "general supplier" of all delivered equipment must also be placed on a new basis, which function is not now performed with the desired results. Within a new system it is necessary to adopt such a subsystem of guarantees, technical aid and services for the period of operation that will coordinate the machine building, electrotechnical and mining industries. We note that the function of "general supplier" for a whole electric power plant is organized in some industrially advanced countries, usually by the big supplier firms, but it can also be delegated to a specialized enterprise that will collaborate closely with the designers, builders and equipment suppliers.

Another measure that may lead to more efficient power plant construction is more specialized construction, as a modern trend, in order to secure, by quality work, short periods of activation of power plants, supply of builders with more productive equipment, and possibilities of greater remuneration and encouragement of personnel when the location conditions are more difficult and the planned deadlines are shorter.

The unprecedented extent of power plant construction in Romania and the great material, financial and manpower outlays made for the purpose require diligent efforts to enhance the economic effectiveness of the investments. There are good results in this respect, just as there are also quite a few defects that must be eliminated at once. Generalization of all that is new and advanced, resolution of difficulties, eradication of defects, and maintenance of a high standard in all stages of investment, those are, in brief, the requirements with which we absolutely must cope.

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PRISTINA MEETING ON SLOVENIAN ECONOMIC TIES WITH KOSOVO

Ljubljana DELO in Slovene 8 Mar 83 p 16

[Article: "Broader Contacts With the Kosovo Economy"]

[Text] Pristina, 7 Mar—Delegations from the executive councils of Kosovo and Slovenia met today in the executive council assembly of the Socialist Autonomous Province of Kosovo. They were headed by the vice chairmen of the executive councils, Vlado Klemencic and Negjo Borkovic. Representatives of both economic chambers, the Ljubljana Bank and Bankosa, as well as representatives of 15 organizations of associated labor, participated in the discussions, according to the provincial committee for information of the Socialist Autonomous Province of Kosovo.

As the provincial committee for information of the Socialist Autonomous Province of Kosovo reported, they stressed the need to accelerate the implementation of programs, confirmed by self-managing agreements on the pooling of labor and resources. It stated that there is a possibility that a decision will be reached soon in regard to agreements about joint tasks, for example, the ELKOM Maribor program with FEM Dejakovica, and LAMA Dekani and VITEX Vitina Sava Kranj and Rekord Djakovica and some others. In 1982, there were more initiatives but there was not a pooling of all resources which could have been pooled in accordance with the law. By means of new initiatives, pooling of resources can be promoted in 1983. Thus, the organizations from the Socialist Republic of Slovenia pledged to provide specialists to help to carry out projects. Special attention will be given to export projects which will improve the country's balance of payments position.

Emphasis was also placed on the readiness to develop activities connected with the further implementation of programs of the retail economy, taking the province's possibilities into consideration.

The president of the Presidency of the Socialist Autonomous Province of Kosovo, Kol Shiroka, and the chairman of the executive council of Kosovo, Imer Pulja, received the representatives of the organs and organizations of the Socialist Republic of Slovenia. The interest in expanding economic cooperation was emphasized, especially the multilateral cooperation of the organizations and community of the Socialist Republic of Slovenia with the communes of Djakovica and Urosevac.

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## SLOVENIAN MICROELECTRONIC INDUSTRY'S PROBLEMS

Zagreb DANAS in Serbo-Croatian 1 Mar 83 pp 8-11

[Article by Vladko Fras consisting of account of press conference and interview of Emil Pintar, director of the project "Slovenia 2000": "A Step Into the Postindustrial Era: Will the Silicon Wafer Alter the Destiny of the Yugoslav Economy?"]

[Excerpts] The road from the silicon wafer ("dirtied" with certain other chemical elements) to an appreciable economic and social breakthrough is much more complicated than the widespread notions about microelectronics as a miracle drug.

## The Foundations

The press conference which was held in the offices of Iskra's new factory for microelectronics was more than typical of that kind of disposition. On the one hand were the newsmen, representing the voice and echo of a euphoric awareness of the capabilities of microelectronics that edged on rapture, and on the other Iskra's top people, who slowed the ball down with their ready knowledge, repeating for the thousandth time that the 200 or so persons employed in their new factory are not going to be exploiting a spring which will be gushing foreign exchange, but will rather be engaged in a desperate undertaking for bare survival. In the media's new practice of stroking all those experimental examples in which a substitution is made for something that is imported or in which something is exported it was difficult to realize that the actual benefit in terms of exports of Iskra's technological avant-gardism could it seems be replaced by stepping up exports of millwork just a bit. The bright horizons which the prophets of microprocessors have taken into their heads and the almost Pavlovian-induced conditioned reflex of the hunger for figures worthy of Barnum on export undertaking clouded over to some extent the essential motivation which led Iskra to undertake production of its own chips. Those motives, when it comes to an industrial complex of the Iskra type, were simply inevitable. After all, today at the beginning of the eighties, there are no longer any strategic dilemmas about microelectronics as a fundamental technology. The questions and dilemmas that remain are at the tactical level--how to install microelectronic foundations of a postindustrial economy at the fastest pace, at the lowest cost and in the most effective way.



It is much more difficult to find the answers to these questions in the Yugoslav case than in the world economy. In a cursory examination of these circumstances it is easy to establish that on the Yugoslav economy's road to the postindustrial community there will be many more complicated and fateful obstacles which have sprung up thanks in part to errors already made. There is evidence that they are not merely economic categories, in the sense of accumulated credits, but that they have left behind them much deeper traces in the social consciousness, in questions like the one which was put to the key people of Iskra at the press conference held on the occasion of accomplishing the "second phase" of the new factory for microelectronics in Ljubljana: "Isn't there a danger that with this technology we will be causing problems similar to those with the Krsko [Nuclear] Power Plant?"

#### Slovenia 2000

Comparative research in two similar economies like those of France and West Germany shows that the same superb technology in the same type of production gives rise to altogether different internal effects and different organization of company management. That is, the radically faster growth of quaternary activities (data processing, communications, publishing, culture) than that of the other three types of human activity is manifested even within quaternary activities themselves in the form of a much faster growth of software than of hardware. Or, translated into the terms of our case, it might be said that equipment is becoming less and less important and people are becoming more and more important, i.e., the question is how to work with the equipment which is getting smaller and smaller and less and less expensive.

Viewed in terms of these postulates of the technological future, Slovenia has more than enviable advantages--a general level of development, a concentration of the electronics industry the equal of any in Europe (in terms of the size of the work force in the electronics industry relative to the total population), full employment and other things as well. But the essential difference, and indeed the occasion for this article, is precisely that "ideological" difference: in a republic where the top political leadership is giving open support to its most progressive electronics experts the mythology that holds that evil technocrats are through their electronic devilry alienating the income and power from the working class has obviously been abandoned once and for all.

The fact that the overall orientation toward technology-intensive development in Slovenia is not confined, for example, to newspaper articles and just a few examples, is confirmed not only by the efforts of manufacturers and the obligingness of local sociopolitical structures, but indeed by a whole series of accompanying actions and mechanisms. Thus in the Slovenian planning bureau (Bureau for Social Planning) the project "Slovenia 2000" has been established under the direction of the young sociologist Emil Milan Pintar (an interview with whom we are publishing along with this article). "Slovenia 2000" is bringing together specialists from the most diverse fields, and they put questions and sketch answers along a general line, paying equal respect to the boldest futuristic theories as to domestic circumstances, not at the same time omitting the dose of skepticism of which we often have a shortage and which comes in handy even in the most successful schemes.

Pintar explains that it is their task to distinguish what is of interest and what could even have some long-range use in the increasingly voluminous literature in this field: "We keep abreast of all the studies and papers on planning, and certainly we share with them several basic premises which are no longer a matter of discussion. But in taking up certain of the more specific aspects we must rely primarily on our own experiences. It is nonsensical to follow after others, since it is precisely in the domain of speculation that most of the errors occur. Today it is reliably known that the Rome Club was not correct in most of its positions, but that does not mean that their work was not useful and interesting.

Pintar: Electronics Will Pull Us Out: Expensive Manpower Is Forcing High Technology on the Economy

[Question] Has the affirmation of microelectronics on a broad footing been aided by the fact that Slovenia did after all manage to avoid some of the principal infrastructural errors: it had fewer ill-conceived capital investment projects, the problems of the fuel and power industry were resolved relatively well, there are no large urban and industrial concentrations, and so on. To what extent is this advantage the result of better planning?

[Answer] It is by no means true that those errors were avoided. Slovenia has its own Obrovac and petrochemical plants. The difference is mainly one of scale and the fact that the effort to correct them began a bit earlier. All the other "advantages" are the result of circumstances in postwar development. The Slovenian economy is much more connected with world economic conditions and has been forced to react faster and more effectively.

[Question] Recently there has been frequent mention of Slovenian enterprises which have been achieving higher productivity with outdated technology than companies of the same kind elsewhere with the most modern technology. Since there have been cases when these announcements were interpreted with a good deal of political punch, what can be expected from the breakthrough of microelectronics in which those differences would be manifested incomparably more fully? Won't the gap in productivity widen still more within Yugoslavia and thereby certain tensions deriving therefrom as well?

[Answer] On the one hand those are indeed facts, and if they carry a political character, that is no reason for us not to reflect on them and to present them in public. Slovenia not only has more outdated equipment than the Yugoslav average, but it has a below-average level of formal education. But in all of this there is another category rarely mentioned, the category of so-called informal education: knowledge, skills and habits gained outside the school system, and here Slovenia is quite a bit above the Yugoslav average. That is, the level of this education is just as important as the composition of formally educated personnel.

Emphasizing these facts could even have a constructive role since there are still pronounced cases of making a fetish of equipment as though once we have imported new equipment we no longer have problems. The more advanced the technology, the more important is the human factor and the smaller the tolerance. In this factory (which makes chips) maintaining absolute hygiene is

just as important as the equipment itself. In a nuclear power plant, say, there is a man who every half hour records a certain reading on an instrument. The instrument has a multiple safety system and automatic recording is provided for to perfection. If that man sits over his coffee longer than a half hour and nothing happens, since the probability of difficulties is immeasurably small what with all the systems, and he returns 5 minutes late, no one will hold it against him. By contrast with the situation in which he bears serious consequences. If in this sense microelectronics offers possibilities of broader differences in productivity, on the other hand it also affords possibilities and indeed compels us toward much more effective coordination of all functions at the level of Yugoslavia. The tolerances in our mutual relations are also becoming much stricter, and the relations themselves much more effective and intensive. The possibility of Slovenia obtaining some monopolistic position in microelectronics would be against [our] interests, since microelectronics demands broadly based structures for which even the large national economies are today too restricted. It does not create products like food, energy or other technologies in which there are real opportunities for monopolies. It does not need inexpensive manpower on which profit would be made.

[Question] How much truth is there in the arguments that our manpower is too expensive, that is, that that high price is holding us back?

[Answer] It is expensive, to be sure, not because it is "rare," as in the advanced countries, but rather because of certain of our subjective reasons.

Paradoxical as that may seem, this expensiveness is a relatively constructive phenomenon, since it is compelling us not to augment manpower, which is in any case decisive, i.e., not to seek the solution of our current problems in some artificial creation of jobs, which would lead us into still greater difficulties. Expensive manpower, even though created on an unrealistic basis, as is our case, is a strong impetus for a change of direction toward highly productive and technologically progressive production in which the percentage representing the cost of manpower would drop and would be replaced by a higher proportion of knowledge. That is why the fact that the worker in Kosovo earns the same income as his Slovenian counterpart, but produces much less, is not so disturbing, but indeed is mobilizing our entire society so that those high earnings and the gap between them and real income are earned in a production operation that is more science-intensive. Our problem, or actually great comparative advantage, is an inexpensive scientific and development potential. Our experts are paid one-tenth of what they would be paid abroad, and it is precisely here that we can be competitors. Inexpensive engineers and scientists are competitors, but not our expensive manpower, and that is why it is in the interest of everyone in Yugoslavia to export their "labor." By contrast with certain developing countries and eastern Europe, we fortunately cannot allow ourselves a stagnation which an inexpensive working class would cover over for us. Incidentally, these are also large ideological and political advantages.

[Question] Can this thesis be backed up with any more concrete examples on the world scene or the domestic scene?

[Answer] Perhaps this can best be seen in domestic trends, which are reflected very precisely at a global level as well. During the seventies about 70,000 people emigrated from Slovenia, and twice as many, about 150,000, immigrated. Since at that time the price of our manpower was still relatively competitive, it was not bad at all, everything taken together, everyone gained a little and something by making the move. The emigrants higher incomes, the immigrants slightly higher incomes, and industry filled out its capacity without hindrance. It is only today that we confront the harmful consequences. Those 70,000 who left took with them 750,000 years of schooling, and those 150,000 brought with them about 500,000 years of schooling. This net loss of years of schooling (which has taken place throughout the country) is the most tragic consequence of our development. We, who are poor, are making a present of our best investment to those who are rich.

[Question] Does the radical drop in the personal standard of living offer room for arguments to the effect that the solutions are being sought precisely on the other side from where you are talking about, that competitiveness is being sought in making manpower less expensive?

[Answer] Perhaps it seems that way sometimes, but in reality that cannot be carried out, not only because of social reasons, but even because of economic ones. The price of manpower is perhaps dropping in certain absolute terms, but not in relative terms. After all, at the moment when because of the total orientation toward exports we are dropping the prices of all our resources, i.e., when you can buy abroad the great majority of our products at a third of the prices in our own stores, then one can even speak of a slight rise in the price of manpower. If we are achieving competitiveness by dropping the price of raw materials and knowledge to one-third, and dropping the price of manpower only in half, there cannot be any question of a deliberate attempt to make manpower cheaper. Slovenia has full employment because it is compelled to a greater extent to seeking solutions in technological intensification of the economy rather than in an unfeasible lowering of prices.

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no: 2800/182

SLOVENIAN TRADE UNION DELEGATION VISITS BOSNIA-HERCEGOVINA

Ljubljana DELO in Slovene 23 Feb 83 p 24

[Article by Mija Repovz: "More Slovenian Investments in the Economy of Bosnia-Hercegovina"]

[Excerpts] From our correspondent--SARAJEVO, 22 Feb--Kemal Karacic, chairman of the Republic Council of the Union of Trade Unions of Bosnia-Hercegovina, and some associates, met today with a three-member delegation from the Slovenian trade unions, headed by the chairman of the Republic Council of the Union of Slovenian Trade Unions, Marjan Orozen. The main topics of the discussions between the representatives of both trade unions were the pooling of labor and resources and the living conditions of workers from Bosnia-Hercegovina who are temporarily employed in Slovenia.

Slovenian organizations make greater investments in the programs of organizations in Bosnia-Hercegovina than other republics do. Investments of Slovenian organizations completed in 1982 amounted to 1.8 billion dinars and negotiations are being concluded for programs worth 1.4 billion dinars; this year Slovenian organizations will invest 1.8 billion dinars in eight programs. In Bosnia-Hercegovina they are happy about this but they also have some comments: too much of the investment, nearly two-thirds, is for raw material production. Bosnia-Hercegovina needs more manufacturing capacities; most of the investments are in the developed area and fewer investments are in the less-developed areas, where they are more needed. As was said today, the Slovenian organizations want more rapid decisionmaking and agreement in regard to such investments but they will do their best to wait for appropriate results.

Today, about 55,000 workers from Bosnia-Hercegovina are employed in Slovenia. The agreement on minimum standards of employment which the Slovenian organizations must observe, with the approval of the workers, has changed the life of the seasonal workers in a number of ways. However, several issues remain unsettled, including the opportunity for the workers, in the organizations where they are employed, to earn credits for the construction of houses or apartments in their own republic, their inclusion in self-management, which, in the opinion of the representatives of the trade unions of Bosnia-Hercegovina, is hard to imagine without the translation of self-management documents into Serbo-Croatian, and making it possible for them to be included in cultural and recreational institutions.



Workers from Bosnia-Herzegovina, where, according to the latest statistics, there are 174,000 unemployed, will continue to look for work in the other more developed republics, including Slovenia, the representatives of the Bosnia-Herzegovina said. On the other hand, it appears that Slovenia needs these workers. Marjan Orožen said that this matter must be examined scientifically, with the cooperation of institutions from both republics. Of course, however, this alone will not be sufficient. Problems known to all must be resolved. In any case, both delegations agreed to present examples--such as the construction of the Gorenje refrigerator plant in Bihac--of better ways of solving the problem of the streams of migrating workers. For both republics, when the capital is brought to the source of manpower, and not the reverse, a number of troubles and difficulties arise.

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## PREPARATIONS FOR SPRING SOWING IN VOJVODINA REPORTED

Novi Sad DNEVNIK in Serbo-Croatian 3 Mar 83 p 1

[Text] In some parts of Vojvodina farmers are already sowing spring oats, barley and fodder crops. As soon as weather conditions permit, the sowing of sugar beets will begin, and with that the big offensive in the Vojvodina fields. However, agreement on production of the most important spring crops is still progressing slowly.

Industrial crops are supposed to occupy almost 300,000 hectares. According to the latest information from the provincial Secretariat for Agriculture, producers have so far committed themselves to planting these crops on only half that amount of land. More precisely, by agreement a total of 151,363 hectares have been reserved for the planting of industrial crops.

So far, not 1 of the 11 sugar refineries in the province can count on the production of an adequate quantity of raw materials. It has been agreed that sugar beets will be planted on 78,799 hectares; of that total 77,016 are for the Vojvodina sugar refineries. This work is progressing best in the areas of the sugar refineries in Pecinci, Zabajl, Senta and Zrenjanin.

The results of agreements on the production of sunflowers are poor. So far, 25,096 hectares have been reserved for the sowing of this crop, out of a planned 72,000. Agreement on the planting of soybeans is also progressing slowly. To date, 47,468 hectares, or 43.16 percent of the planned amount, have been set aside for this industrial crop.

The majority of socialized farms in the province still have not decided whether to produce sunflowers and soybeans this year, but the sowing of these crops is provided for in the plans. Cooperative organizations have concluded agreements for the planting of corn on 242,038 hectares, which portends that the 628,000 hectares planned will be planted. It is also a favorable sign that there has been much progress in the cultivation of fields. Winter plowing covers approximately 960,000 hectares, and that represents 90 percent of the acreage intended for spring sowing.

As the beginning of planting work in the districts, a shortage of herbicides and pesticides, as well as chemical fertilizers, is causing difficulties. Farmers are especially concerned about the poor supply of preparations for sugar beets. About 8,000 tons of chemicals are required for all the spring planting, and so far not even half of this amount has been secured. At the present time, there is only enough chemical fertilizer for the beginning of planting.

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